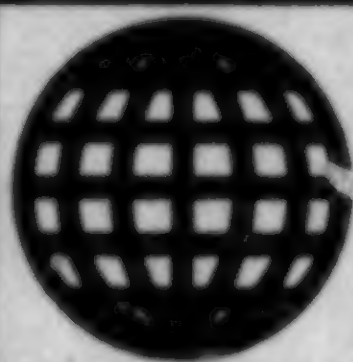




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East Asia

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**FBIS-EAS-96-065
Wednesday
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Daily Report

East Asia

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Japan

Japan: MITI Argues 'Against' Findings of U.S. Trade Barrier Report

OW0204123896 Tokyo KYODO in English
1206 GMT 2 Apr 96

[FBIS Transcribed Text] Tokyo, April 2 KYODO — The Ministry of International Trade and Industry (MITI) on Tuesday [2 April] argued against the findings of a U.S. trade barrier report issued Monday, which points to 49 Japanese trade areas in eight categories and judges them as unfair practices.

MITI issued a statement, citing what it finds to be mistakes in the U.S. report in areas such as semiconductors and photographic film. The U.S. side has pressed for progress in these trade sectors prior to a Japan-U.S. summit meeting in mid-April.

Earlier Tuesday, MITI Minister Shumpei Tsukahara criticized the report, saying some parts of it showed that U.S. judgments on trade barriers are not based on rules set by the World Trade Organization.

In the statement, MITI complained about U.S. claims that progress in foreign access to the Japanese semiconductor market was attributable to the existence of the Japan-U.S. agreement.

The increase in foreign shares "has resulted from an improvement in the competitiveness of foreign microchip suppliers in Japan and corporate business judgment based on the market mechanism," the statement said.

The argument appeared to be aimed at keeping U.S. calls in check for extending the bilateral semiconductor accord that is set to expire at the end of July.

On the issue of the photographic film market, which has been under investigation by the office of the U.S. Trade Representative (USTR) for alleged trade barriers, MITI turned down U.S. claims that government regulations have prevented foreign companies from entering the Japanese market.

The statement said, "restrictions on investment in the photographic film and paper market had been abolished by 1976."

Rebuffing U.S. claims that foreign car dealerships have shown slower-than-expected growth since a bilateral agreement was struck last summer on auto and auto parts, MITI said more marketing efforts are needed on the U.S. side.

The statement said, "European automakers, which have made many efforts for greater access to the Japanese market, have been successful."

On the paper and paper products and the flat glass sectors, MITI offered its corrections of U.S. data on market shares.

While the U.S. side said a foreign share in the Japanese paper market remain low, MITI said the share during April 1995-January 1996 increased 19 percentage points from a year before to 4.5 percent.

MITI also said a share of foreign flat glass in Japan stood at 12.6 percent for the first half of 1995 against 3 percent as claimed by Washington.

Japan: Association Official on Auto Talks Accord With U.S.

962A0022A Tokyo TSUSAN JANARU in Japanese
Jan 96 pp 22-23

[Article by Takao Tominaga, vice chairman of Japan Automobile Manufacturers Association: "The U.S.-Japan Auto Talks as Viewed by Industry Circles"]

[FBIS Translated Text]

1. The fact that a settlement concerning the U.S.-Japan auto and auto-parts talks was contrived between International Trade and Industry Minister Hashimoto and U.S. Trade Representative Kantor on 28 June 1995 was welcomed by the entire world with a sigh of relief. Though there were differences of viewpoint, I think the desire to avoid the worst situation, a trade war, was shared by everyone. I would like to express my heartfelt gratitude and respect to Minister Hashimoto and to all in government, who were in charge of the framework negotiations for 2 years from 1993 onward.

The most impressive thing in this time's joint announcement by MITI Minister Hashimoto and Trade Representative Kantor was that basic principles for development of the world auto industry were set forth. That is, globalization [of operations at home], localization [of operations abroad], transparency and industry cooperation. And that it was made clear that both the U.S. and Japanese auto industries should each strive to expand procurement and pioneer markets based on these principles. The U.S.-Japan agreement was an epoch-making settlement which will exert a global influence on the world auto and auto-parts industry.

2. Of course, in the 50 years of interchange since World War II, the U.S. and Japanese auto industries have repeatedly competed and cooperated in all sorts situations, such as the inspections of Article 201 of the Trade Law under a protectionist tendency of the U.S. market, followed by introduction of self-regulation of exports of passenger cars (1981), and the beginning of local production starting in the 1980's. The U.S.-Japan relationship is also the most important bilateral relationship to

the Japanese auto industry. Local production of autos reached the level of 2.15 million units in 1994, and, in 1993, had already exceeded the number exported from Japan.

Self-regulation of exports of passenger cars, which initially began at the level of 1.68 million units, was also abolished in March 1994. In regard also to procurement of parts, following the dispatch of the first parts-procurement mission of 1980, with the subsequent intergovernment MOSS [market oriented sector selective] agreement as the turning point, from 1987 onward, discussions have been held twice each year between the Auto-Parts Industry Association of America and the Japan Automobile Manufacturers Association. From 1990 onward, business talks at which persons from Japan in charge of purchasing for manufacturers have contact individually with U.S. suppliers have been held almost every year. It is a unique action program which tries to create new procurement opportunities in addition to ordinary market transactions. The actual results of the procurement effort target of \$19.0 billion (voluntary plan) by the end of FY94, which was announced independently by each company when former president Bush visited Japan at the beginning of 1992, reached \$19.8 billion.

3. One of the reasons that settlement of the U.S.-Japan framework negotiations in the area of autos and auto-parts, which began in July 1993, required time, is that regardless of the strengthening of this relationship of interdependence between the industries of the two countries, business principles were not realized.

In contrast to the fact that, by rights, the foundation is firm adherence to a system of free trade, America's position was that continuation of an annual trade deficit of over \$30 billion vis-a-vis Japan in autos and auto-parts is a problem, and that establishment of numerical targets is necessary as a concrete measure to reduce the deficit. Before one knew what was happening, a target for efforts to purchase parts was transformed into a promise to purchase, and the idea that Japan ought to be subject to application of sanctions under Article 301 of the Trade Law if it could not fulfill the promise, began to grow still stronger, centered on Congress, after the change of administration. The position of the Japan Automobile Manufacturers Association was that correction of trade deficits is, above all, a task for macroeconomic policy, that pursuit of balance in individual sectors is not a proper means of reducing deficits, and is a different matter from independent efforts to expand imports. Demands for allocating procurement based on establishment of numerical targets violate GATT rules, and developed into international debates at such venues as the WTO and the OECD [Organization for Economic Co-

operation and Development], including also opposition by dozens of Japanese and foreign economists.

4. Thus, the greatest significance of the settlement of the talks this time is that Japan resisted establishment of numerical targets. The principle of free trade was observed, and international rules in WTO and so on were defended. The U.S. side incorporated in the joint statement unilateral estimate-figures concerning the monetary amount of parts procurement and the number of auto sales-outlets, but the Japanese side did not participate in that, so it has also been made clear that it is outside the scope of the government's responsibility. The business plans of each auto company, which were announced at the same time, were also praised highly by MITI Minister Hashimoto and Trade Representative Kantor. Within globalization, each company is aiming toward pushing ahead with localization of autos and parts, and promotion of their importation. The fact that the Automobile Manufacturers Association of America announced efforts to enter the Japanese market was also a move forward. Measures to relax regulation were taken centered on the replacement-part market, and were applied without discrimination to concerned countries, based on the principle of MFN [most favored nation]. This is why it can truly be called a victory for both the United States and Japan, and a victory for the newly born WTO and its member nations.

5. It appears that a perception gap still exists, even now, concerning the closed nature of Japan's markets, which was one of the issues throughout the long negotiations. But expansion of a real market for imported autos is rapid. More than 290,000 passenger cars were imported in the January-October 1995 period, reaching 10 percent of the passenger car market if one excludes sub-subcompacts, and it is about to reach the level of 400,000 units per year. According to med-term estimates, even a figure of 700,000 imported autos in the year 2000 has begun to be seen. So long as autos are competitive as well as attractive, the Japanese market will go on accepting them. Perhaps the autos with genuine right-side steering wheels which were exhibited at the current Tokyo Motor Show are a sign of the eagerness of American autos to not be beaten by European autos?

6. It does not mean that U.S.-Japan negotiations on autos and auto parts have ended because of this. Objective criteria for evaluating their results have been incorporated in the measures which were agreed upon, and it has been arranged for intergovernment discussions to be held each year until the year 2000. Already the U.S. Government is saying that it will conduct its own unilateral monitoring with a target date of 15 March of this year. Perhaps reflecting the fact that a guarantee

of transparency was a major product of these talks, the EU [European Union] and other concerned countries are taking a great interest in the progress of the monitoring. The world is watching the results of the measures. What we should endeavor to do as an industry is to make constant efforts to expand business; as to purchasing parts, it is probably a matter of promoting procurement of the optimum parts in the world, based on the principles of QCDDM (quality, cost, delivery, development, and management). Development of new competition and co-operation in global business is anticipated.

Japan: Hashimoto 'Increasingly Irritated' by Sobe Controversy

OW0304005696 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 2 Apr 96 Morning Edition p 2

[FBIS Translated Text] "Sobe has been on his mind since this morning." Prime Minister Ryutaro Hashimoto has been increasingly irritated by the fact that part of the U.S. forces' Sobe communications facilities on Okinawa went into a state of "illegal occupation" on 1 April. To firmly maintain the Japan-U.S. security framework, "we have no choice but to limit private rights to protect national interests," (stated by Chief Cabinet Secretary Seiroku Kajiyama). The government cannot change this policy.

Since no progress is expected in U.S. base cuts discussions at the Japan-U.S. summit set for 17 April, the government has no choice but to maintain a low profile and to prevent unexpected incidents from occurring around the facilities — for example, a violent clash between demonstrators and the police.

At the liaison committee meeting of government and ruling party leaders held at noon on 1 April, the prime minister asked for participants' cooperation, saying: "We have not been in contact with the Okinawa governor and vice governor. I want you to communicate through your own channels." Although the Social Democratic Party did contact the governor that afternoon, it did not lessen the gap between the government and Okinawa, which filed an appeal with the Supreme Court over the Fukuoka High Court ruling on the proxy signing.

The prime minister is seeking a breakthrough, believing that "failure to obtain approval for the emergency use of the land plot in question before the U.S. President's visit to Japan will weaken the government's negotiation stance on the return of the bases." However, no effective measures have been formulated.

"The Ministry of Foreign Affairs and the Defense Facilities Administration Agency have always taken stopgap measures when dealing with Okinawa," (a top

government official said). Preoccupied by this, the prime minister was short with reporters all day long. His only reply was "I am in a hurry," and "I have no time."

Japan: Clinton's Letter Urges Reconfirmation of 'Alliance'

OW0304022296 Tokyo YOMIURI SHIMBUN
in Japanese 1 Apr 96 Morning Edition p 3

[FBIS Translated Text] The U.S. President recently sent a letter to Prime Minister Ryutaro Hashimoto to explain the U.S. stand on the upcoming summit talks (on 17 April), a source said on 31 March.

In the letter, President Clinton reportedly stressed that at the Japan-U.S. summit, "It is essential that the alliance between Japan and the United States is reconfirmed, along with its significant benefits to the peace and stability of Asia." He then noted that "the summit talks should be regarded as proof of the U.S. policy to maintain its presence in Asia, adding I would like this incorporated in the joint communique (on the Japan-U.S. security arrangement)." Along the same lines, he added "I hope the communique will stress the importance of the Japanese and U.S. leaderships' common agenda on such global issues as nuclear- and conventional-weapons control in Asia, as well as environmental problems." Regarding the issue of U.S. military bases in Okinawa, he noted "I welcome progress on this during the consultations."

With regard to economic issues, the president noted: 1) I hope for the Japanese economy's vigorous recovery, which will bring about reduction of the current account (deficits). To achieve this objective, I hope Japan's financial and fiscal policies will quickly streamline the financial market through an early liquidation of the failed housing loan companies; and 2) I hope for steady progress in deregulation (concerning three pending issues on semiconductor, film, and third-sector insurance trade), and I hope these points will be declared (in the comprehensive joint communique to be issued after the summit talks). In response to the U.S. offer, the government will accelerate preparatory work for the summit talks to firm up Japan's stand on these economic issues.

Japan: MOFA Spokesman on Clinton Visit, Base Issue

OW0304104096 (Internet) Japanese Ministry of Foreign Affairs [MOFA] WWW in English 2 Apr 96

[News conference by Japanese Foreign Ministry Press Secretary Hiroshi Hashimoto with unidentified reporters on 2 April; place not given; from the "What's New!"

link; the following item was posted to the site on 3 April]

[FBIS Transcribed Text] [Topics of Discussion]

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I. Announcements by the Spokesman of the Ministry of Foreign Affairs

A. The resignation of Prime Minister Begum Khaleda Zia of the People's Republic of

Bangladesh, and the establishment of a caretaker cabinet there

Foreign Ministry Spokesman Hiroshi Hashimoto: Good afternoon, ladies and gentlemen. Yesterday, the Ministry of Foreign Affairs issued a statement on the resignation of Prime Minister Begum Khaleda Zia of the People's Republic of Bangladesh, and the establishment of a caretaker cabinet in Bangladesh. In 1990, when the Bangladesh Nationalist Party, Awami League, and other parties bitterly criticized the long-lasting military regime in Bangladesh, the Ministry of Foreign Affairs issued a statement and expressed its great interest in the possible development of democratization in Bangladesh. In February 1991, the democratic election took place, and the Bangladesh National Party (BNP) gained the majority and formed the Government. The Japanese Government welcomed that. However, recently, Japan has been concerned about the political situation in Bangladesh, which is becoming increasingly volatile. Therefore, Japan welcomes the move to normalize the situation by holding a general election under a caretaker cabinet, and highly values this move as important progress toward political and economic stability in Bangladesh. The bilateral relationship between Japan and Bangladesh has remained strong, and Bangladesh is Japan's very good friend; therefore, it is a pity to see their democratization efforts fall back. Because of the instability in Bangladesh, although Japan is the top donor for Bangladesh, Japan's Official Development Assistance (ODA) Programs cannot be implemented accordingly, and Japan's direct investments in Bangladesh are not making progress. In this sense, Japan sincerely hopes that the general election under the caretaker cabinet will be conducted freely and fairly, with the participation of all political parties, leading to further progress of the democratization in the country.

B. Meeting in Washington, D.C. of the Follow-up Working Group to the Summit of Peacemakers

Foreign Ministry Spokesman Hiroshi Hashimoto: On 28 March and 29 March of this year, the Follow-up Working Group to the Summit of Peacemakers met in Washington, D.C. I do not think it is necessary to explain to you the nature of the Meeting. I hasten to mention to you that the Ministerial Meeting is expected to be held at a later date, and on 12 April, a meeting of the Ad Hoc Liaison Committee (AHLC) regarding assistance for the Palestinians will be held in Brussels. At the Meeting of the Follow-up Working Group, Japan urged both the State of Israel and the Palestinians to make the utmost efforts to prevent the recurrence of terrorism. As it was apparent that there is an important need for the international community

to clearly understand, and then provide cooperation and assistance for the requirements of the Palestinian police authorities, Japan announced that it would consider contributing to improving the organizational capacity of the Palestinian police authorities.

Further, in order to completely abolish terrorism, Japan announced that it intends to continue to provide assistance to the Palestinians, in order to meet the urgent need to create an environment that will eradicate the poverty and unemployment which creates a breeding ground for terrorism. Therefore, in addition to the US\$10 million of emergency assistance which Japan announced at the Summit of Peacemakers, Japan signed measures on 31 March to provide the Palestinian Self Rule Council with assistance worth approximately US\$22 million in the form of two projects involving the supply of machinery and materials. Japan took the opportunity to explain that, with these additional forms of assistance, total Japanese contributions to the Palestinians, as of 31 March 1996, amounted to US\$184 million. Japan will continue to welcome the Emergency Plan proposed by the United States at this meeting as a way of relaxing the border regulations on the West Bank and Gaza. Japan stated that, although it can understand the concerns of Israel for maintaining security, it also believed that the closing of the border had lasted longer than necessary and was exerting a negative influence on the Palestinian economy, and expressed its hopes that, through dialogue, both parties would come up with any possible means to resolve the situation. Yesterday, the Government of Israel relaxed its border regulations; however, only five percent of the Palestinian workers who used to work in Israel can reenter Israel. This is too small, and is not relaxation in the real sense. Therefore, we consider that further efforts are needed on this matter.

C. Background on the outcome of Japan-People's Republic of China Foreign Ministerial Meetings in Tokyo

Foreign Ministry Spokesman Hiroshi Hashimoto: On 31 March, Minister for Foreign Affairs Yukihiko Ikeda and Minister of Foreign Affairs Qian Qichen of the People's Republic of China met in Tokyo. That was the third meeting between the two gentlemen, and the talks lasted for three hours. They talked about not only the bilateral relationship, but also about the international problems that both gentlemen were interested in. It was significant that both foreign ministers deepened their mutual understanding through this dialogue. Both foreign ministers reaffirmed the common understanding that the development of cooperative bilateral relations between the two countries not only contributes to the

bilateral relationship, but also to the peace, stability, and prosperity of the Asia-Pacific region. It is significant that the two gentlemen frankly exchanged their views on many subjects. We sincerely hope that such high level consultations will continue in the future.

Those are the announcements that I wanted to make, and I will be delighted to respond to any questions that you might have.

II. Matters regarding the agenda for the visit to Japan by President William Clinton of the United States of America

Q: Can you tell us anything about the itinerary for the upcoming summit between President Clinton and Prime Minister Hashimoto? How long are they meeting for? Will they eat a meal together?

A: President William Clinton of the United States of America is scheduled to arrive in Tokyo on 16 April. On 17 April, there will be a meeting between Prime Minister Ryutaro Hashimoto and President Clinton.

Q: Where will that take place?

A: It will be held at the Akasaka Palace. But, a detailed program will be announced later.

Q: How much later?

A: The two governments will basically agree as to when we will announce details of the program. In any case, there will be a meeting between the two leaders. President Clinton and Mrs. Hillary Rodham Clinton will make a State Call on Their Majesties the Emperor and Empress of Japan. And, Prime Minister Hashimoto and Mrs. Kumiko Hashimoto will hold an official luncheon for them.

Q: Is that in Japanese or Western style?

A: I do not have such details. At least they will have several meals here in Tokyo, so I hope that President Clinton and Mrs. Clinton will enjoy a wonderful Japanese meal, and other cuisine as well.

III. Areas of possible Japan-United States discussion on trade and economic matters

Q: On a more serious note, the relationship between the two countries now seems to be strongly focused on the security aspect of the relationship. Do you expect any new progress on the trade issue, or will that be downplayed at the Summit?

A: The Japanese Government, and the Clinton Administration as well, share the common view that the two countries should expand the bilateral relationship in a more balanced way. In the past, both countries had to

spend a long time on the trade and economic issue. Thanks to the Agreement on Automobiles and Auto Parts last June, trade and economic issues became less visible than other areas, but this does not necessarily mean that trade and economic issues have lost their importance. In the meantime, while we had difficult trade and economic issues to discuss, both sides had already begun to emphasize the other important pillar of the bilateral relationship — that is the political and security issue. They began to understand the need to make the general public understand the importance of the Alliance in the post-cold war era. While the two governments were working on this issue, unfortunately, the Okinawa rape incident took place. After that, the bases issue in Okinawa became a big issue between the two countries. Now, the two countries have been preparing for President Clinton's visit. As I said at the outset, we would like to focus on the issues, such as the security issue, the trade and economic issues, and other important issues, such as cooperation on the common global agenda. At the same time, we would like to focus further on development of an exchange of people between the two countries. As far as the security and political issues are concerned, both sides already know that this is very important. At the same time, the Clinton Administration wants to see the economic and trade issues solved as much as possible. Basically, we understand their principle desire on this. We do not intend to diminish the importance of the trade issue. There are several sectoral issues. We have to deal with these issues separately, sector-by-sector. There are sectors in which progress has already been made. There are sectors in which progress is expected. But, at the same time, there are very difficult sectors. Probably, it is not possible for the two governments to solve all these standing issues before President Clinton's visit to Japan. However, I am sure that the two governments will continue to make the utmost effort to find mutually acceptable solutions to those pending issues.

Q: You said that some issues are seeing progress already — that air cargo would be one example — some we can expect progress in, and some are more difficult. In terms of where you might expect progress, could you divide them into the easier and the harder?

A: As you rightly mentioned, the aviation talks have just ended, but these talks are related only to air cargo service. We have to tackle passenger service. We do not know when the next negotiations will be held. We hope that we can hold the talks in the very near future. Regarding the insurance talks, they are basically handled by the United States Trade Representative (USTR) and the Ministry of Finance. But, we hope that before President Clinton's visit, the two parties

will meet and find a mutually acceptable solution. As for the Semiconductor Agreement, it is a very difficult issue, because we believe that without the Agreement, cooperation between American and Japanese industry has been making great progress. We are sure that without the Agreement, this business cooperation will continue. So, we do not know why the United States Government wants to continue this agreement. We have to talk about this, but basically, we think that when the Agreement expires in July, it will not be necessary for us to renew it. But, I am sure that if the USTR or the United States wants to exchange views with the Ministry of International Trade and Industry (MITI) on this subject, then I think the MITI doors are always open to them. As far as Kodak's case is concerned, this is also a difficult issue. In principle, we hope that the United States will file a case with the Japan Fair Trade Commission, which can handle this matter properly. If the United States decides to sanction Japan on this issue, we will have to say this is not a good idea. We do not want to negotiate under the threat of sanctions. On the other hand, just an hypothetical situation — if the USTR decides to file a case with the World Trade Organization (WTO), I think Japan will respond according to the established WTO rules. That is basically what I can say.

IV. The status of Japan-United States trade and economic relations

Q: As you just mentioned, while the talks are going on between Japan and the United States, the United States just recently — I mean yesterday — released a trade report in which they named Japan as one of the countries with trade barriers. Do you think there is a difference in terms of the perception between the United States and Japan regarding the progress of trade talks? Apparently, that should tell you the United States is not happy with Japan in certain areas. How would you respond to that?

A: We read the report which you mentioned. We understand that the report touched on the recent increase of American exports to Japan. The report also touched on the fact that the United States' deficits with Japan have been decreasing. The report explains that, in general, Japan-United States trade relations are moving in the right direction. At the same time, they pointed to issues between the two countries. But, I do not think we will lend any specific sentiment to this report. We will thoroughly study the report, and if it is necessary, as it has been in the past, for us to respond to their claims, we will do so. In any case, Japan intends to fulfill the agreement which has been made between the two countries. At the same time, we would like to solve the trade and economic issues, in accordance with the

appropriate fora between the two countries, or within the WTO. This is our basic attitude toward this.

V. Areas of possible discussion during United Nations Secretary-General Butros Butros-Ghali's trip to Japan

Q: I understand that the United Nations Secretary-General will arrive in Tokyo today for a visit to Japan. I would like to know if it is an official visit, and what kind of topics and issues he will discuss.

A: We already announced United Nations Secretary-General Butros Butros-Ghali's itinerary for his trip to Japan. He will arrive on 2 April in Tokyo, and leave Tokyo on 6 April. During his stay in Japan, he will meet various people, including the top leaders of the Japanese Government. He will meet Prime Minister Hashimoto tomorrow afternoon. Secretary-General Butros Butros-Ghali will have talks with Minister for Foreign Affairs Yukihiko Ikeda. And, he will meet several of the former prime ministers, and the dignitaries of political parties. He will visit various sectors of Japan, including meetings with students, Non-Governmental Organizations (NGO), and the news media. And, he will attend a press conference, etc.

Q: What issues, what topics will he discuss?

A: Basically, Japan would like to talk with him on the most important issue facing the United Nations, which is how to promote the reform of the United Nations, especially regarding Security Council reform, social and economic sector reform, institutional reform, and financial reform issues. Those issues will be raised at the talks.

Q: Is it possible to know how many countries support Japan's bid to be a permanent member of the United Nations Security Council, and how many countries express caution regarding Japan's bid?

A: I am not sure whether Secretary-General Butros Butros-Ghali personally knows how many countries support this and how many countries do not support it. We are right in the midst of talks, and the Japanese Government, in the meantime, sincerely hopes that all the members of the United Nations can wind up the issues of reform in due course. Even if Japan is not in a position to tell you how many countries are supporting this and how many countries are against it, in any case, we understand that the situation is not very simple, and we have to double our efforts to let our case be known to and supported by as many of the members of the United Nations as possible.

VI. Matters related to the realignment, consolidation, and downsizing of United States military bases in Japan

Q: Has the Japanese Government officially requested any reduction in the number of troops?

A: No. I do not think so. When the East Asian Strategy Report was published by the Department of Defense of the United States of America, the Department said that approximately 100,000 troops should be maintained in this region. We highly respect what they tell us, and we support this. Of course, the figure itself can change in accordance with the situations in the region, but what we have been talking about with the Clinton Administration is that while we should maintain the purpose or the goal of the Japan-United States Security Treaty, we should do our best to realign, consolidate, and downsize the United States bases in Okinawa.

Q: By possibly moving them somewhere else?

A: Or while maintaining the same number of troops on a smaller base.

VII. Matters relating to Host Nation Support for United States military bases in Japan

Q: Has Japan requested, in any way, a reduction of its bill for the security services — for the amount that Japan covers?

A: Are you talking about the Host Nation Support Program?

Q: Yes.

A: We have been increasing our Host Nation Support. Last year, the new agreement on Host Nation Support was reached. It was increased a little bit from the past agreement. So, in accordance with this agreement, we ask the Diet to annually approve the necessary allocations in the budget for this.

Q: Is there any political pressure as a result of Okinawa to change that?

A: As far as Host Nation Support is concerned, we have not encountered difficulties. However, when we discuss such matters, the bases issue is taken up by politicians. But, it does not necessarily mean that they are against the Host Nation Support Program. Several parties — notably, the Japan Communist Party — are against the expenditures. The other parties, including the coalition parties and the Shinshinto, are not against the Host Nation Support Program.

VIII. Matters relating to the Japan-United States Security Alliance and the People's Republic of China

Q: Regarding the Chinese Foreign Minister's visit to Japan, did he express any concern or worry regarding Japan-United States security relations?

A: This time, Foreign Minister Qian Qichen used a specific expression. In the past, the Chinese leaders used to use, more or less, the same phraseology that China is of the view that all countries should not deploy their armies abroad — at the same time knowing the historical background of United States military presence in this area. This is more or less how they have been talking for the past several years. But, this time, he said that the Japan-United States Alliance should not jeopardize the friendly relations between China and Japan. This time, Foreign Minister Qian Qichen specifically touched on the subject in relation to the Taiwan issue. From there it is our inference, as he made no admission. Nevertheless, on this issue, Japan would like to say to our Chinese friends that the Japan-United States Alliance, the Security Treaty, is not specifically aimed at any particular country, and that China is not targeted by the Alliance. We believe that the Japan-United States Alliance is a stabilizing factor, not only for Japan and the United States, but also for the peace and security and prosperity of the entire Asia-Pacific region. Therefore, China should not be misled by the document which Japan and the United States will issue during President Clinton's visit to Japan. Thank you very much.

Japan: SDP Asks Mondale To Help Solve U.S. Bases Issue

*OW0304110796 Tokyo KYODO in English
1051 GMT 3 Apr 96*

[FBIS Transcribed Text] Tokyo, April 3 KYODO — The Social Democratic Party (SDP), one of three coalition parties, asked U.S. Ambassador to Japan Walter Mondale on Wednesday to help meet demands for return of Okinawa land used by the U.S. military when President Bill Clinton visits Japan later this month, party officials said.

Kanju Sato, SDP secretary general, Shigeru Ito, policy board chairman, and Keiko Chiba, head of the party's international affairs bureau, made the request during a meeting with Mondale at the U.S. Embassy, the officials said.

Mondale did not specifically respond to the SDP request.

The ambassador predicted Clinton's visit will be meaningful and the president would likely help ease the pains

of people in Okinawa, Japan's southernmost island prefecture, they said.

The huge presence of U.S. military bases in Okinawa Prefecture became a hot bilateral topic in the wake of the September rape of a local schoolgirl by three U.S. servicemen, who were sentenced to jail last month. Okinawa is host to 75 percent of all U.S. bases in Japan in terms of land space.

People in Okinawa have called for the removal of U.S. bases and the return of their land, in particular land used for the Futemma airfield.

"I don't mean to say the president should announce the entire return of the Futemma base during his visit, but future prospects should be made on the issue," Sato told Mondale.

The SDP is the second largest party in the three-party coalition government headed by Prime Minister Ryutaro Hashimoto.

Clinton will visit Japan on April 16-18.

Tokyo To Announce Shouldering Costs for Shifting U.S. Bases

*OW0304023896 Tokyo YOMIURI SHIMBUN
in Japanese 1 Apr 96 Morning Edition p 3*

[FBIS Translated Text] As of 31 March, the government had decided to announce a statement concerning the consolidation and reduction of U.S. military bases on Okinawa during President Bill Clinton's visit to Japan scheduled for 16 April. The statement will include the government's decision to shoulder the costs for relocating bases and developing the returned land. This has been disclosed by a number of government and ruling party sources. The government aims to show the United States that it intends to steadily implement various measures at home. At the same time, the government wants to show the Okinawan people that it intends to shoulder the financial costs, and to underscore the possibility of reducing bases, thereby eliminating their concerns on various issues including the utilization of the returned land. In this way, the government wants to emphasize the positive efforts that the government, as a whole, is making to settle the base issues.

On the premise of maintaining the existing functions of the U.S. military bases, both the Japanese and U.S. Governments have been engaged in negotiations on issues such as how base functions can be concentrated and relocated. At the negotiations held thus far, proposals for returning the Awase Communications Facility and a part of the Makiminato Supply Base in addition to the Sobe Communications Facility have been discussed. A

session of the "Japan-U.S. Security Council," composed of defense and foreign affairs officials, will be held in mid-April, prior to President Clinton's visit to Japan. At this session, the government intends to work out an interim report on the issue of consolidation and reduction of U.S. military bases on Okinawa.

However, the relocation cost is expected to be a considerable amount. If the decision is made to relocate the Marine Corps Air Station Futenma, whose return has been strongly demanded by the Okinawan people, then the cost for this relocation plan alone is estimated at over 500 billion yen. For this reason, the Okinawa side has voiced concerns that the large amount of relocation costs, including the costs for developing returned land, could be an obstacle to the return of bases.

So far, the costs for relocating the U.S. military bases have been raised from the budget of the Defense Facilities Administration Agency (DFAA). However, since only approximately 570 billion yen has been appropriated for the DFAA (based on the draft FY96 budget), "this is not sufficient to pay for the relocation of the U.S. military bases in Okinawa," (according to a government source). However, the government plans to study concrete measures such as a future increase in the budgets of the DFAA and other concerned ministries and agencies.

Japan: Landowner Says U.S. Forces 'Trying To Harass Me'

OW0204141496 Naha NHK Television in Japanese
0942 GMT 2 Apr 96

[Announcer-read report over video by Yoshihiro Shingaki; From "630" Okinawa program]

[FBIS Translated Text] [Shingaki] The U.S. Forces Senaha Communications Site is located in Yomitan Village, where the Sobe Communications facility is also located. This is also a facility to monitor radio broadcasts from foreign sources. This facility includes the land Mr. Arakaki inherited from his father 15 years ago.

[Video shows shot of small sugar cane field, with approximate 15-foot-wide street frontage] The triangle-shape sugar cane field is that portion returned to Mr. Arakaki. Four years ago, an approximate 230-tsubo [approximately 760 square meters] portion of his land was returned after he refused to extend the lease for that portion of land.

Thus, the remaining 80 tsubo [approximately 265 square meters] portion was compulsively taken by U.S. Forces. This resulted in Arakaki possessing a triangle-shaped

portion of land with very narrow and limited frontage from the street. This limits the use of the land.

[Begin Arakaki recording] I am very troubled with the way they returned my land. I guess they are trying to harass me — this land is useless with such a shape. [end recording]

Tokyo's Handling of U.S. Military Land leases Criticized

OW0304121096 Tokyo ASAHI SHIMBUN
in Japanese 2 Apr 96 Morning Edition p 5

[Editorial: "The Government Fails To Learn Any Lessons"]

[FBIS Translated Text] Does the government believe that anything, even going beyond the law, is permissible on Okinawa if done in the name of the Japan-U.S. Security Treaty?

The term has expired for the enforced lease on a plot of land at the Sobe Communications Facility (locally known as the Elephant Cage) located in Yomitan Village, Okinawa Prefecture. Although the legal right to use the expropriated land has expired, the government has denied the landowner his request for entry onto his own land, let alone let him have his land back, on the grounds that "the U.S. military has the right to control the military facilities under provisions of the Status of Forces Agreement [SOFA]."

The government says that procedures for continued use of the land are in progress under provisions of a special law on land use for U.S. forces, and explains that the interim use of the land is not immediately illegal. But the Okinawa Prefecture Land Expropriation Committee will not begin its deliberations on the request for emergency use of the land until 12 April, and the state of "illegal occupation" remains unchanged in the meanwhile.

At the local site, a new fence has been hastily erected around the "Elephant Cage," and 1,500 police officers, some of whom were brought in from mainland Japan, have been mobilized to guard the facility. But can this be regarded as rule by law?

This is not the first time that expropriation of land for the U.S. military bases on Okinawa has been without legal basis. For four days in May 1977, from the expiration of a law for provisional public use of private land to the enactment of clarifying legislation that succeeded the earlier law, which was delayed by a Diet stalemate on the issue, the government used private property without any legal authority. Although the government did not concede that it was "illegal occupation," it did allow the land owners to enter the property, except for some specific areas, such as runways.

Now, the government has not even gone as far as it did 19 years ago. This is despite an agreement having already been reached between the Japanese and U.S. Governments on transferring the communications facility to somewhere else as soon as an alternative location can be found.

Perhaps Prime Minister Ryutaro Hashimoto is concerned about unanticipated incidents or damage to the facility if the landowner and his supporters should be allowed to enter the property. But those who have come to Okinawa from other parts of Japan to support the landowner cannot be unaware that any radical actions would set back the concerted protest movement by the Okinawan people.

We are appalled at the bureaucratic mindset typified by the comment from Defense Facilities Administration Agency Director General Masuo Morodomi, who, in referring to an earlier flag-burning incident, said the agency would not permit the landowner to enter his property because he is an "antiwar landowner."

Later, Morodomi was severely reprimanded by Prime Minister Hashimoto. But unless the government can think of Okinawa outside the context of maintaining law and order, there can be no progress. Why is it the government cannot understand that the more it tries to exercise its authority, the more distant a solution becomes?

Following the prime minister's formal procedures to proxy sign for landowners for forced extensions of leases, the Naha Defense Facilities Administration Bureau applied late last month for a six-month emergency use of the "Elephant Cage" site and 10-year extensions of leases at 13 other facilities. Those leases are to expire between now and May 1997.

The facilities include municipal land plots used by the Naha military port, for which return to civilian control has already been agreed upon by the Japanese and U.S. Governments. It is incomprehensible that the central government, in defiance of the prefectural government's plan for phased reduction and return of land used for military bases every five years, is so insensitive as to arbitrarily seek approval of 10-year lease extensions even for land that has already been marked for return.

The present circumstances were brought on by Governor Masahide Ota's refusal "to proxy sign" documents needed for forced extension of leases on land used by U.S. military bases, backed by an overwhelming majority of the Okinawan people. What he seeks is not "abolition of the Japan-U.S. security arrangement," but rather a quite reasonable notion: redress of the present imbalance, which has imposed an unequal burden of

security upon the Okinawan people. Why is it that the prime minister and other officials are unwilling to learn that shoddy measures no longer have any merit?

No prospects for reducing and consolidating the military bases on Okinawa will emerge without the central government's clear-cut understanding of how the role of Okinawa should be characterized in the new framework for Japan-U.S. security ties in the post-Cold War era.

The government should not forcibly demand that "the Okinawan people obey its instructions without asking questions simply because the security treaty with the United States exists."

Tokyo, Washington Agree on Mutual Military Services

*OW0304121696 Tokyo KYODO in English
1208 GMT 3 Apr 96*

[FBIS Transcribed Text] Tokyo, April 3 KYODO — Japan and the United States reached a final agreement Wednesday [3 April] on the content of a bilateral pact on providing each other military goods and services, government sources said.

The so-called Acquisition and Cross-Servicing Agreement (ACSA) will be applied to peacetime joint exercises and U.S. peacekeeping operations, but the pact will not apply to emergency situations, the sources said.

The U.S. signed a similar agreement with 19 other countries and two organizations, but most cover mutual supply of goods and services in the event of emergencies.

The bilateral pact also will not be applied to U.S. military drills because it could run counter to Japan's constitutional ban on the implementation of the collective right of defense, the sources said.

The cabinet will approve the pact by April 16 and the ACSA will be signed by Foreign Minister Yukihiko Ikeda and U.S. Ambassador to Japan Walter Mondale when U.S. President Bill Clinton visits Japan on April 16-18, they said.

The government will submit a bill to revise the Self-Defense Forces Law and other bills needed for the pact in late March and seek Diet approval.

The U.S. proposed signing such a bilateral agreement in 1988. Last May, then Japanese Defense Agency chief Tokuichiro Tamazawa accepted the U.S. proposal when he visited Washington.

The ACSA stipulates payment for goods and services, excluding ammunition, provided during joint drills and peacekeeping operations.

Japan: LDP Official Supports Logistics Support to U.S.

OW0304114096 Tokyo ASAHI SHIMBUN
in Japanese 30 Mar 96 Morning Edition p 7

[Summary of interview with Yoshinori Ono, secretary general of the Liberal Democratic Party Research Commission on Security, by unidentified ASAHI SHIMBUN reporter; place and date not given; from the "Dialogue on the Japan-U.S. Security Alliance" series]

[FBIS Translated Text] [ASAHI SHIMBUN] With tensions building up between the PRC and Taiwan, there is now much discussion on what Japan should do in case of a "contingency in the Far East."

[Ono] Of course, the discussions are about a worst case scenario; but, if an armed clash breaks out between the PRC and Taiwan or on the Korean peninsula, the United States would ask Japan to provide logistics support such as medical care, food and fuel supplies, and surveillance of the waters around Japan. Assistance in such respects should be provided as a matter of political responsibility. Medical treatment of wounded soldiers should be accepted from the humanitarian viewpoint. However, I think supplying weapons and ammunition would, without a doubt, infringe on the Constitution of Japan.

[ASAHI SHIMBUN] However, according to the government's interpretation of the Constitution with respect to the collective defense right, supplying fuel would also constitute a violation of the Constitution, would it not?

[Ono] If we get into legal discussions on the question of the collective defense right, we only wind up in a maze. We should view the matter from the realistic perspective of what Japan can do if a contingency breaks out. Suppose there was a military clash, and U.S. soldiers who were flown into battlefields from bases in Japan were shedding their blood. If Japan did nothing and stood by with folded arms under that situation, voices saying the Japan-U.S. security pact is useless would pour out of the United States. If that happens, it would not only result in aggravating Japan-U.S. relations, but would also lead to the situation of Japan having to build up and possess its own defense capabilities.

[ASAHI SHIMBUN] Domestically, though, a major dispute would erupt over the question of how far Japan should go in providing logistics support.

[Ono] Political debates so far have left that question in a complete "vacuum." If a contingency breaks out under the present conditions, Japan would not know what to do. Of course, the Self-Defense Forces [SDF] must not go so far as to send troops to Taiwan in exercise of force. There are areas which are clearly black and white

in not infringing on the Constitution. But there are also many gray areas. Distinguishing black and white in such areas should be the work for politicians, not government officials.

[ASAHI SHIMBUN] Some people charge that that could make Japan a party to U.S. strategy.

[Ono] Inasmuch as the Japan-U.S. security pact has become crucial not only for the defense of Japan, but also for stability in the Asian and Pacific region, Japan should become an equal partner. Japan should be able to speak up and say things it needs to say to the United States; for instance, asking the latter to revise the Status of Forces Agreement or telling it about the number and component of troops stationed in Japan. However, Japan should also do what it can in cooperating with the United States on defense efforts.

[ASAHI SHIMBUN] Don't you think the difference of position with the Social Democratic Party [SDP] is too big to make such policy possible?

[Ono] As long as we abide by the three nonnuclear principles and by the conviction of not becoming a military power, and go by the rule of "never exercising force" even as regards the collective defense right, the matter should be handled as that of policy rather than of legal theories. I would like the SDP to think in this way also. If we try to approach this matter from the perspective of legal theories, we will never be able to get to anything.

Japan: SDP Official Discusses Logistical Support to U.S.

OW0304121196 Tokyo ASAHI SHIMBUN
in Japanese 30 Mar 96 Morning Edition p 7

[Summary of interview with Kenji Taguchi, secretary general of the Social Democratic Party Research Commission on Security, by unidentified ASAHI SHIMBUN reporter, from the "Dialogue on the Japan-U.S. Security Alliance" series; place and date not given]

[FBIS Translated Text] [ASAHI SHIMBUN] What do you think of Japan's cooperation with the United States in case of a "contingency in Far East"?

[Taguchi] I do not think the PRC is seriously considering using force. The food situation in the DPRK is serious, but I do not think a crisis will break out there right away. But it is also true that there have been no discussions so far as to what Japan can do in case of a "contingency in the Far East." I think the discussions should be started on the grand premise of not involving Japan in the exercise of the collective right of defense, which is banned by the Constitution.

[ASAHI SHIMBUN] Do you think Japan's logistic support to the U.S. Armed Forces will constitute the exercise of the collective right of defense?

[Taguchi] We should go one step further from the entry point question of whether we should or should not agree to provide logistic support, and should come to the question of what scope of action would be permissible — as a matter of reality. At the time of sending Self-Defense Force troops on peacekeeping operation [PKO] missions in the Golan Heights, Japan decided our troops should not transport weapons and ammunition, but should transport food supplies. Discussions should begin on what can and cannot be done by Japan.

[ASAHI SHIMBUN] Do you not think that the work of drawing the line will be difficult?

[Taguchi] The system of holding "prior consultations" [in the Japan-U.S. security pact], which has so far existed in name only, should be better utilized from now on, and we need to show Japan can sometimes reject U.S. requests. And there are restrictions on Japan under its Constitution, and since the country cannot become involved in actions in contingencies, using its own expenses, except when they happen in Japan, we might need to give consideration henceforth to such matters as the stationing of U.S. troops for contingency situations and the advance stockpiling of ammunition. We need to hold careful discussions. If we fail to assess the overall issues, including these points, we cannot resolve even the issues of the military bases on Okinawa.

[ASAHI SHIMBUN] Japan and the United States are getting ready to sign the Acquisition and Cross Servicing Agreement (ACSA).

[Taguchi] The application of it should be limited to peacetime Japan-U.S. joint military exercises. As for cooperation in PKO, there should not be a problem as long as it is done without involving Japan in the exercise of the collective right of defense. But we should not apply it to independent actions of the U.S. forces. If we cooperate when the U.S. forces send an aircraft carrier to a bay off the Korean Peninsula to stage a demonstrative action, for instance, that can be construed as the exercise of the collective right of defense.

[ASAHI SHIMBUN] It looks like the SDP has not made its position clear on the matter of redefining security.

[Taguchi] The change of policy on security has not come from summing up the views of party members, it has been handed down from the top. There are no specific proposals to back it up yet. Be it about the ACSA or actions in contingency situations, we need to hold discussions in a concrete manner, even though —

frankly speaking — my view cannot be said to be the view of a majority of the SDP yet.

[ASAHI SHIMBUN] It is possible that a move for a "conservative-conservative alliance" will emerge.

[Taguchi] I do not think the people of the nation want a conservative-conservative alliance or the one-party rule of the Liberal Democratic Party [LDP]. Some of the LDP people could be thinking about it, but I do not think that is how all the people of the LDP think.

Japan: Analyst Views Cross-Strait Tensions, U.S. Ties

OW0304043496 Tokyo ASAHI SHIMBUN
in Japanese 24 Mar 96 Morning Edition p 2

[Article by Yoichi Funabashi, ASAHI SHIMBUN U.S. Bureau chief: "Theory of Chinese Threat Gaining Strength; Peaceful Coexistence Doctrine Becoming Shaky — Election of Taiwan President"]

[FBIS Translated Text] The first free election to choose a leader in the 5,000 years of China's history was conducted under the protection of a U.S. aircraft carrier. The election turned out to be a choice between democracy and missiles. The Chinese action brought to mind the image of an aggressive military power. It revealed once again the fragility of the security structure of the Asia Pacific region, which is currently enjoying prosperity.

At first glance, it appears that there was no loser.

China and the United States exchanged the whirring sound of missiles and the roaring sounds of an aircraft carrier. China may be happy that the United States treated it as a military power of equal stature. Watching the maneuvers on television, Chinese military leaders might have been able to shed the inferiority complex that they had felt since seeing the high tech weapons used by the United States during the Gulf war. The United States was able to eliminate the "argument for U.S. withdrawal" that had permeated this region. President Clinton also demonstrated that he was tough. Japan was also able to lubricate the U.S.-Japan security structure, which had become squeaky as a result of the Okinawa [rape] incident.

And now China and Taiwan will reopen their "cross-strait dialogue," and the United States and China will resume their "working level dialogue," as if nothing happened. In the past, it was artillery attacks on Jinmen (Quemoy) and Matsu, and today, it is missiles. It could turn out to be nothing more than a "game," like lighting fire crackers at a Spring Festival.

But in the long run, this could turn out to be a watershed for China to become a military power.

I wonder, when they made up their strategy this time, if China had in mind the war of "chastisement" against the SRV in 1979. The Chinese strategy was inadequate, battles were badly fought, and China's reputation declined. But China is absolutely certain that it achieved its long term political objective of threatening the SRV and making them withdraw from Cambodia. China must now believe that it has planted the fear of independence in the Taiwan people. Yet, the "missile ordeal" that Taiwan residents experienced in common, must further strengthen Taiwan's identity. The China-Taiwan relationship, which was supposed to be a "domestic issue," has become an "international issue" as the result of [the missile incident]. The "argument of China as a threat," which China had been so eager to dispel, can no longer be stopped. What China lost is great.

Since the 1970's, the United States has firmly maintained a policy of not revealing whether it would or would not defend Taiwan in the event China invaded Taiwan. The United States is now forced to revise its policy of preserving the status quo, the "strategic vagueness."

This framework was based on Taiwan's Kuomintang dictatorship and the "peaceful unification of China and Taiwan." But Taiwan has become democratic and has even carried out a free election. China has become an economic power and has come to use its military strength as a political tool. The foundation for "preserving the status quo" has crumbled.

With that, both the U.S. strategy of "engagement" and the strategy of peaceful coexistence through mutual economic dependence, which formed their substructure, are becoming shaky. The [U.S. attitude] is also subtly changing, manifested by the statement that "We do not mean that we have to engage at any price" (according to Defense Secretary Perry). As for the granting of most favored nation status, the dilemma is becoming more acute: "If it is extended, Congress will complain that the United States has surrendered to China, and if it is canceled, China will blame the United States for shifting to containing China." The China fever for American business is also cooling. In the post Cold War world, what was "U.S. business" (task) has become just "business" (commerce). Because of this, if the economic relationship with China results only in an increased trade deficit for the United States with China, the U.S.-China relationship will be further cooled.

For the United States, an unintended byproduct this time was that the revitalization of the U.S.-Japan

security relationship was given a boost. Voices are also increasingly being heard within the Congress to the effect that "When we encounter such a Chinese attitude, we keenly feel the importance of a firm U.S.-Japan security relationship" (according to Senator John McCain). A high ranking U.S. Government official revealed that "during the crisis, the United States and Japan closely exchanged information and repeatedly held policy discussions." But both had to be sensitive, "maintaining a delicate balance, not permitting China to gain an advantage, but not irritating China" (according to a high ranking Japanese Foreign Ministry official).

However, there could be all sorts of conflicting interests between the United States and Japan concerning China. The "engagement" strategy and the apportionment of roles for the United States and Japan in that strategy are also not clear. Conversely, hastily "turning China into a target" also contains a great risk of shaking the fundamental U.S.-Japanese relationship. The beginning of a Chinese diplomatic offensive, which is backed by military strength, will inevitably simultaneously bring tension to both the Sino-Japanese and U.S.-Japanese relationship. On the other hand, Japan's new Asianism will retreat. A policy aimed at Asia is limited when it becomes difficult to form a cooperative relationship with China.

The U.S. Government was watching in puzzlement as the ROK Government remained silent during this period.

The suspicion was voiced that "The ROK may be attempting to strengthen its relationship with China, at the cost of its relationship with Japan and with the United States" (according to a former U.S. Assistant Secretary of Defense). There are also people in the U.S. Government who feel unhappy about the fact that the ROK sentiment of "hatred for the DPRK" and "hatred for Japan" caused a tilt toward China and that [the ROK] is being used skillfully by China.

Among people concerned with defense, the idea has been expressed that the stationing of U.S. Forces is necessary even after the unification of the Korean peninsula. One of the reasons for this idea emerging is that such apprehensions have been increasing.

The U.S. Government has been considering whether or not to begin a U.S.-ROK initiative that would be similar to the strengthening of the dialogue with Japan on security [issues] that has been going on since the fall of 1994.

Throughout the entire Asia Pacific region, neighboring countries believed that China's economic development and their mutual economic reliance with China were the

best measures for peaceful coexistence. The foundation for such a policy concept is becoming shaky.

It seems that China has lost the most.

Japan: Hashimoto Praises Taiwan's Decision To Postpone Drills

OW0304022196 Tokyo KYODO in English
0143 GMT 3 Apr 96

[FBIS Transcribed Text] Tokyo, April 3 KYODO — Prime Minister Ryutaro Hashimoto on Wednesday (3 April) welcomed Taiwan's decision to postpone military drills in the Taiwan Strait until the end of June to help ease tensions with China.

"That's good. The issue now is at what level the dialogue (between Taiwan and China) will proceed," Hashimoto told reporters.

Taiwan planned to conduct live-fire military drills in the Taiwan Strait from Sunday.

A Taiwan Defense Ministry spokesman said Tuesday the exercises on the Taiwan-controlled island of Matsu, located less than 9 kilometers off China's southwestern shore, will be suspended temporarily.

Japan: Ikeda Informs Qian of Concerns; Yen Loan Review Possible

OW0204123396 Tokyo YOMIURI SHIMBUN
in Japanese 1 Apr 96 Morning Edition p 2

[FBIS Translated Text] Based on Japanese public opinion about China, Foreign Minister Yukihiko Ikeda informed his Chinese counterpart at the 31 March Sino-Japanese foreign ministerial talks that Japan is strongly concerned over China's military exercises in the waters close to Taiwan and over its nuclear tests as well. Foreign Minister Ikeda has done so because the major point of Japan's policy toward China lies in providing yen-based loans to China to support its reform and opening up policies, but a demand has been voiced within Japan to review the yen-based loans. In response, Foreign Minister Qian Qichen pointed out that China is concerned with the Japan-U.S. security arrangement, "which is contradictory to the development of Sino-Japanese relations." In this sense, Qian has indicated China's stance, which is slightly different from its past position on appraising the Japan-U.S. security arrangement. With U.S. President Bill Clinton scheduled to visit Japan in mid-April, and with China having recently imposed pressure on Taiwan with its strong military power, the question has arisen as to how China should be dealt with in connection with the Japan-U.S. security arrangement and also with security in the whole of East Asia,

and this issue has now become a task for coordination between Japan and the United States.

The current foreign ministerial conference was held with a pile of issues dangling between Japan and China. For example, there are such issues as relations between China and Taiwan, China's nuclear tests, and the UN Convention on the Law of the Sea. At this conference, Japan maintains the basic principle of "giving priority to maintaining long-term stability in relations between Japan and China," (as stated by a senior official of the Ministry of Foreign Affairs [MOFA]).

Nevertheless, it has been voiced within the ruling parties that "a review should be made of the yen-based loans so as to clearly indicate Japan's criticism against China's military exercises." In this connection, it has been judged as follows: "If Japan should refrain from informing China of the atmosphere prevailing in Japan at this juncture, it may result in a misunderstanding on China's part, and confrontation may arise over the review of yen-based loans, thereby forming a source of future trouble in connection with the long-term relations between Japan and China," (as stated by a senior MOFA official). Therefore, while anticipating China's rejection, Foreign Minister Ikeda informed Chinese Foreign Minister Qian of the argument over the review of the yen-based loans that had been brought up in Japan, this was also for the purpose of urging China not to conduct any more military exercises in the waters close to Taiwan.

Thus, Japan adopted a very frank approach toward its dialogue with China this time. Since diplomatic relations were normalized between Japan and China in 1972, Japan has not adopted such an approach on many occasions.

Concerning Japan's reaction to the Taiwan issue, Foreign Minister Qian checked Japan's response, and said: "Except for the United States, Japan is the only country that has indicated its strong reaction." Attention will now be centered on how China will shift its diplomatic stance toward Japan, including its appraisal of the Japan-U.S. security arrangement, if Japan should continue to maintain its rather strange reactions.

No progress was made in the discussion of the nuclear test issue. When Japan requested that the nuclear tests be suspended, Foreign Minister Qian defended China's nuclear capacity on the pretext of its "public commitment not to resort to the first use of nuclear weapons." However, while avoiding forcing China into corner over the nuclear testing issue, Japan stressed — as originally planned — its request for China's cooperation for the early conclusion of the Comprehensive Test-Ban Treaty

(CTBT), the negotiations on which are still in progress at disarmament talks in Geneva.

This time, however, Japan and China agreed to confirm the need to maintain and strengthen bilateral relations, which seemed to deteriorate because of the military exercises and other issues. Nevertheless, if China should enforce its nuclear tests this spring as scheduled, and if it should obstruct the early conclusion of the CTBT by insisting on tolerating "nuclear explosions for peaceful purposes," the Japanese Government, which has supported China's reform and opening up policies, will inevitably be forced into a difficult position.

In connection with negotiations on the treaty on the Law of the Sea, an accord has been reached on starting unofficial talks on fishing operations and the Law of the Sea itself. However, attention still has to be paid to other potential confrontations such as the issue involving the Senkaku Islands.

Japan: PRC Official Urges Others To 'Not Interfere' in Taiwan

OW0304120896 Tokyo KYODO in English
0944 GMT 3 Apr 96

[FBIS Transcribed Text] Beijing, April 3 KYODO — The issue of Taiwan loomed large Wednesday [3 April] on the first day of a three-day forum of scholars, politicians and business executives from Japan and China.

Japan's former Deputy Prime Minister Masaharu Gotoda, who is an adviser to the forum, urged participants to engage in "frank exchanges of opinion for the sake of new developments in Sino-Japanese relations."

Qi Huaiyuan, president of the Chinese People's Association for Friendship with Foreign Countries, called on Japan to take a cautious attitude on the Taiwan issue, saying "other countries should not interfere in the Taiwan problem."

China, which regards Taiwan as a rebel province, conducted a series of war games near Taiwan mainly prior to Taiwan's March 23 presidential election, the island's first ever under universal suffrage.

Incumbent President Li Teng-hui, who is suspected by Beijing of edging Taiwan toward independence, won a landslide victory in the election.

Former Japanese Finance Minister Yoshiro Hayashi, who is head of the Diet members' League for Friendship of Japan and China, responded to Qi's comment saying the military maneuvers had no effect.

"I sincerely hope for a peaceful solution as a result of talks," he said.

It is the sixth meeting of the forum, established in 1982, and the first in six years.

Japan: PRC Foreign Minister Qian Qichen Ends Visit

OW0304081096 Tokyo KYODO in English
0755 GMT 3 Apr 96

[FBIS Transcribed Text] Tokyo, April 3 KYODO — Chinese Foreign Minister Qian Qichen left Japan on Wednesday [3 April] after a four-day visit which included meetings with Prime Minister Ryutaro Hashimoto and other Japanese political and economic leaders.

Qian flew out of Narita Airport near Tokyo on a Chinese airliner bound for China.

Japan: MOFA Official 'Secretly Contacted' DPRK Officials

OW0304121996 Tokyo YOMIURI SHIMBUN
in Japanese 3 Apr 96 Morning Edition p 1

[FBIS Translated Text] A senior official of the Ministry of Foreign Affairs [MOFA] secretly contacted high-ranking North Korean officials and had unofficial prior negotiations in Beijing in mid-March, with the aim of resuming negotiations on normalizing diplomatic relations between Japan and the DPRK, which have been deadlocked for three years and four months, it was learned and confirmed by those concerned with the government and ruling parties on 2 April. Meanwhile, the ruling parties on 2 April firmed up a plan to send a delegation of policymakers from each party to South Korea as early as the end of April to seek understanding from Seoul, which is wary of Tokyo's resuming negotiations with Pyongyang behind Seoul's back. No concrete progress has been made after the negotiations in November 1992, which ended in a rupture. However, judging that North Korea is positive about the resumption of talks, the government and ruling parties "intend to give great impetus to moves toward the resumption of negotiations" (according to a senior member of the Liberal Democratic Party [LDP]) — hopefully soon after the general elections in South Korea (on 11 April).

Those concerned with the government said that the official who contacted the North Korean side secretly is Koro Bessho, chief of the Northeast Asian Division under the Asian Affairs Bureau of MOFA. He visited China on 18 March and held talks with high-ranking officials of the North Korean Government and the Workers' Party of Korea, they said. Although details of the talks have not been disclosed yet, it seems that he discussed concrete negotiation schedules, including the ne-

cessity of preliminary talks before official negotiations. Moreover, indications are that during the talks in Beijing, the North Korean side petitioned for the third round of rice aid.

The recent meeting had been secretly planned for since late December of 1995 by the embassy staff of the two countries in Beijing and between the LDP and the WPK, sources concerned with Japan-DPRK relations said.

As background to the secret meeting, a MOFA source said "North Korea, which is facing economic difficulties such as the worsening food situation, hopes to improve relations with the West, including Japan." North Korea has recently appealed to South Korea the resumption of South-North dialogue, while showing a positive attitude toward improving its relations with the United States. Within the government and ruling parties, there is the view that "there are also signs of North Korea's change in its policy toward Japan." A top MOFA leader was of the opinion that "the general elections in North Korea on 11 April will give pause to the issue of resuming Japan-DPRK negotiations."

Meanwhile, the ruling coalition is expected to send the LDP Policy Research Council Chairman Yamasaki, Social Democratic Party Policy Board Chairman Ito, and Sakigake Policy Council Chairman Tokai to South Korea. Although their itinerary has not been set because of Diet scheduling and U.S. President Clinton's visit to Japan, they are expected to visit the ROK late this month.

Although the ruling parties planned to dispatch a delegation to South Korea in February, they postponed their plans because of the emergence of the issue of territorial dispute over the Takeshima island, which caused a downturn in Japan-ROK relations. However, this time, taking advantage of the good atmosphere for the resumption of Japan-DPRK negotiations, the Japanese Government aims to seek anew South Korea's understanding of Japan's position by sending a delegation. In Seoul, the delegation hopes to hold talks with President Kim Yong-sam and other leaders.

However, since the South Korean side may entwine Japan-DPRK talks with the South-North dialogue, it is possible that Japan will face turns and twists until the resumption of Japan-DPRK negotiations.

Tokyo, Pyongyang Plan More Talks After ROK's 11 Apr Poll

OW0304132096 Tokyo KYODO in English
1304 GMT 3 Apr 96

[FBIS Transcribed Text] Tokyo, April 3 KYODO — Japan and North Korea held secret talks in Beijing last

month in a fresh bid to resume stalled normalization talks and basically agreed to meet again after South Korea's April 11 general election, sources close to Japan-North Korean relations said Wednesday [3 April].

Prime Minister Ryutaro Hashimoto acknowledged that the governments had informal contact and voiced a wish to reopen formal negotiations on the normalization of bilateral relations.

"I think it's correct to say that we have reached a stage where we should promote preparatory talks for formal negotiations," Hashimoto told reporters. Japan has diplomatic ties with Seoul but not with Pyongyang.

Launched in early 1991, the talks collapsed in November 1992 when North Korean negotiators walked out after Japan demanded information about a Japanese woman allegedly abducted by North Korean agents.

According to the sources, a member of the central committee of North Korea's ruling Workers Party of Korea will come to Japan soon for informal talks with the Japanese side.

The secret meeting in the Chinese capital took place March 18 and involved Koro Bessho, head of the Japanese Foreign Ministry's Northeast Asia Division, and a senior North Korean Foreign Ministry official in charge of Japan.

Both sides agreed that normalization talks should be resumed in line with an agreement reached between the two countries' ruling parties in March 1995 and that preconditions for the talks will be mapped out in coming contacts.

The parties' agreement states that both sides will make efforts for an early opening of formal ties and pressure their governments, and that normalization talks should be resumed unconditionally and conducted on the basis of mutual independence.

The coming talks, expected to be held at the deputy foreign ministers' level, are also likely to be held in Beijing, the sources said.

A senior Foreign Ministry official said Tokyo wants to speed up preparations for the resumption of talks after the South Korean general election because "the time is ripe."

A top Foreign Ministry official said although the South Korean general election has coincided with the timing for further contacts with the north, Tokyo does not expect the election outcome to cause major changes in inter-Korean relations.

Tokyo will, however, also have to convince Seoul that it will keep its pledge that its improving ties with the

north will not adversely affect reconciliation efforts on the Korean peninsula.

Japan: Kajiyama Refuses To Comment on 'Secret' DPRK Talks Report

OW0304080096 Tokyo KYODO in English
0712 GMT 3 Apr 96

[FBIS Transcribed Text] Tokyo, April 3 KYODO — Japan and North Korea held secret talks in Beijing last month in a fresh bid to restart stalled negotiations on normalizing bilateral relations, the YOMIURI SHIMBUN newspaper reported Wednesday [3 April], quoting government and ruling coalition sources.

The YOMIURI, Japan's largest daily, said Koro Bessho, head of the Foreign Ministry's Northeast Asia Division, met with a senior official of North Korea's Workers Party in the Chinese capital on March 18.

The meeting was prompted in part by the north's desire to improve relations with Japan and other countries in light of the communist country's food and economic crises, the YOMIURI said in a front-page article.

The ruling coalition of the Liberal Democratic Party, the Social Democratic Party and New Party Sakigake [Harbinger] has decided to send a mission to South Korea, probably this month, to win Seoul's understanding of Japan's renewed contact with the north, the YOMIURI reported.

Normalization talks between Tokyo and Pyongyang broke down in November 1992.

Chief Cabinet Secretary Seiroku Kajiyama, the chief government spokesman, at his Wednesday morning press conference, said, I can not comment on the report, including whether such a session has taken place or not."

A high-ranking Foreign Ministry official also declined to comment on the reported secret talks between Japan and North Korea.

"As we have always said, we cannot make any comment on this matter," said the official, who requested anonymity.

The official reiterated that Tokyo-Pyongyang normalization negotiations should be done in parallel with the progress in dialogue between North and South Korea.

"We have relayed our basic stance to North Korea on many occasions," the official said, adding that Pyongyang's responses were not necessarily positive.

Japan: Interview With Keio Professor on DPRK Situation

OW0304085796 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 2 Apr 96 Morning Edition p 9

[Interview with Keio University professor Masao Okonogi by Hiroshi Arai of the Asian Department; date and place not given; first paragraph is NIHON KEIZAI SHIMBUN introduction]

[FBIS Translated Text] A senior army officer of the DPRK (North Korea) has said that the state of cease-fire on the Korean Peninsula has reached its limits. However, the true intention of this statement remains unknown. Participating in a program of research exchanges between the Japan Institute of International Affairs and the Disarmament and Peace Institute [DPI] of North Korea, Professor Maso Okonogi of Keio University visited North Korea 23-30 March. We have interviewed Professor Okonogi on the atmosphere in North Korea and the situation on the Korean peninsula.

[Arai] What does North Korea think of the security on the Korean peninsula at the moment?

[Okonogi] According to DPI Acting Director Kim Pyong-hong, because of failure in reaching an accord on a peace agreement with the United States, a proposal has been made for signing a tentative agreement. Moreover, I have heard reports on growing tensions at Panmunjong because of such factors as the ROK exercises.

[Arai] Why is it that a serious expression indicating that the state of cease-fire has reached its limits has been used?

[Okonogi] One North Korean researcher said that the military was at the end of its patience and had flared up in anger. The military seems to be dissatisfied with the fact that the ROK has conducted military exercises and has obstructed other countries' plan to provide North Korea with food aid. The military probably intends to stress its warning to the ROK against any further obstruction of food aid.

North Korea maintains that reunification can be achieved under a new framework of peace and security, but that the armistice agreement no longer works. The conclusion of a tentative agreement will probably become a major task in diplomacy. North Korea seems to aim at enticing the United States to come to the table on military issues. Moreover, it seems that while suffering from shortage of energy and food, North Korea also intends to tighten its reins at home.

[Arai] It is observed in some quarters that China is opposed to North Korea's signing a tentative agreement with the United States. What do you think of it?

[Okonogi] North Korea probably feels that to improve its relations with the United States, deterioration in relations with China is unavoidable.

[Arai] A proposal has been made in Beijing for resuming the South-North dialogue. What do you think of it?

[Okonogi] Since North Korea has a strict appraisal of the ROK, the atmosphere is unfavorable for promoting dialogue with the Kim Yong-sam administration. A proposal for resuming the South-North dialogue must have been made with an intention to influence the general election in the ROK.

[Arai] There is a growing tension between China and Taiwan. What is North Korea's understanding of the situation in East Asia?

[Okonogi] According to an analysis of North Korean researchers, it is difficult for China and the United States to improve their relationship. Perhaps, North Korea is making an internal study of how to take advantage of the tension existing between China and the United States. However, the remarks on "the state of cease-fire reaching limits" were made after Taiwan's presidential election. In my opinion, it is nothing but a warning.

[Arai] Is there any concern over the possibility of a war?

[Okonogi] I don't think there is any such possibility. Neither did I feel any military tension in the capital city of Pyongyang. North Korea will not provoke a war unless it is driven into a tight corner by such factors as running out of food. However, I did not see any one faint with hunger in rural villages.

[Arai] Is North Korea in a serious economic situation?

[Okonogi] Wherever we went, we experienced power failures at such places as hotels, restaurants, and factories. When electricity is cut off at a department store, citizens leave the store in an orderly fashion after they have become accustomed to the darkness. They must have become accustomed to power failures.

Streetcars were running and many people were waiting in line at the stations. Moreover, the streetcars were packed. The streetcars seemed to be running less frequently. Perhaps, it is because of a serious energy shortage. People's expressions in Pyongyang seemed to have brightened up compared to the expressions I saw during my visit in 1991. A film on Secretary Kim Il-song's visit to the frontline units was repeatedly shown on television. An atmosphere prevails in which people unite to overcome difficulties.

[Arai] Does North Korea have any intention of resuming talks on normalizing its diplomatic relations with Japan?

[Okonogi] DPI research workers stated that the normalization of diplomatic relations between Japan and the DPRK will contribute to peace and stability on the Korean peninsula. I have a feeling that they have a strong desire for resuming the talks.

Japan: BOJ Chief Says Economy on Moderate Recovery Path

*OW0304053596 Tokyo KYODO in English
0449 GMT 03 April 96*

[FBIS Transcribed Text] Tokyo, April 3 KYODO — Bank of Japan (BOJ) Governor Yasuo Matsushita said Wednesday [3 April] that Japan's economy is on a recovery path, albeit moderate.

Reiterating the central bank's recent economic assessment in a speech at a private seminar, Matsushita said, "The risk of an economic setback is smaller than last year."

On monetary policy, Matsushita suggested no change in the central bank's current easy stance, saying, "Our monetary policy for the time being is aimed at consolidating the foundation of the economic recovery."

Matsushita cited the recovery in corporate earnings, not only of manufacturers but also of nonmanufacturers, little fear of a deflationary spiral and the yen's weakening against the dollar as favorable economic factors.

Matsushita noted uncertainty over the economic outlook, however, saying, "There are worries such as development in corporate capital spending."

On the money market, Matsushita said the recent upturn in long-term interest rates has reflected economic conditions.

"With growing expectations for economic recovery, interest rates are naturally rising," Matsushita said.

Matsushita then said higher interest rates in Japan will not dampen the global economy.

Commenting on a controversial scheme drafted by the government to liquidate seven failed housing loan companies with the help of public funds, Matsushita said, "The use of tax money is inevitable for the liquidation."

Matsushita welcomed major banks' active write-offs of bad loans other than those to the troubled housing loan companies.

Meanwhile, Matsushita said it is necessary to review the Bank of Japan Law after a thorough discussion.

Japan: Kubo Sees No Change in BOJ Monetary Policy

OW0304091496 Tokyo KYODO in English
0843 GMT 3 Apr 96

[FBIS Transcribed Text] Tokyo, April 3 KYODO —
- Finance Minister Wataru Kubo said Wednesday (3 April) he understands the Bank of Japan (BOJ) has no immediate intention to change its current easy monetary stance.

BOJ Governor Yasuo Matsushita's remarks earlier in the day do not mean that there will be any change in the central bank's monetary policy, Kubo said at a press conference.

Matsushita has noted the central bank wants to consolidate the foundation for economic recovery, Kubo said.

Since last September, the Bank of Japan has been maintaining the official discount rate, the rate imposed on loans to commercial banks, at a record low of 0.5 percent.

In a speech at a private seminar Friday, Matsushita said it is only natural for market rates to increase amid growing expectations for economic recovery.

Matsushita's remarks led to declines in the bond and stock markets as they were taken by market players to indicate the central bank is tolerant of the recent upturn in market rates.

Japan: Kubo Wants More 'Transparent' BOJ Policy Board Debate

OW0304101696 Tokyo KYODO in English
0927 GMT 3 Apr 96

[FBIS Transcribed Text] Tokyo, April 3 KYODO —
- Finance Minister Wataru Kubo said Wednesday (3 April) that policy-setting procedures at the Bank of Japan (BOJ) should be made more transparent.

"The issue of making discussions at the BOJ's policy board more transparent must be addressed," Kubo said at a press conference.

He was commenting on moves among the three ruling coalition parties to revise the BOJ Law and increase the central bank's independence from the Finance Ministry.

The law, drawn up during the war in 1942, gives a broad range of authority to the ministry.

Unlike the Federal Open Market Committee, the policy-making body of the U.S. central bank, the BOJ policy board does not make public its discussions.

Kubo said the proposed revision of the law should be considered to decide what role the BOJ should play in Japan's new financial administration.

It should not be discussed simply in the light of the power struggle between the ministry and the central bank, he said.

Kubo also said he hopes three bills to safeguard credit unions against collapse will be enacted during the current ordinary Diet session.

The ministry has yet to present the bills to the Diet since the ruling coalition parties are seeking to remove from them a provision to use taxpayers' money for the disposal of failed credit unions.

The government and coalition parties have been under fierce public criticism over their decision to use 685 billion yen in taxpayers' money to cover losses stemming from the liquidation of seven mortgage companies saddled with huge problem loans.

Japan: MOF Sets Up Task Force To Rethink Policy

OW0204133396 Tokyo KYODO in English
1256 GMT 2 Apr 96

[FBIS Transcribed Text] Tokyo, April 2 KYODO —
The Ministry of Finance (MOF) sets up a task force Tuesday (2 April) to consider the future course of Japan's financial administration amid public criticism of the ministry's handling of the bad loan issue involving failed "jusen" housing loan companies.

The task force, headed by Vice Finance Minister Tadashi Ogawa, will discuss a broad range of financial administration issues, including activities of the Bank of Japan and Deposit Insurance Corp., ministry officials told reporters after the group's inaugural meeting.

However, it will not deal with organizational reform of the ministry, the officials said.

The group has no plan to work out specific recommendations, but will explain the ministry's view on the future of financial administration if there is a request from the ruling coalition, the officials said.

The task force consists of senior ministry officials, including directors general of each bureau, and includes no outside persons.

It has a working group of director-class officials of each bureau to proceed with actual discussions.

At the inaugural meeting, Ogawa stressed the importance of the ministry's setting the direction of financial administration toward the 21st century, the officials said.

Task force members called for reviewing the overlapping of the functions of the banking, securities and international finance bureaus, the officials said.

Members also said it is necessary to deepen the people's understanding of the relationship between the financial system and their daily lives, the officials said.

The creation of the task force came at a time when the ministry has been under fierce fire for its response to the bad loan mess at the seven virtually bankrupt jusen companies.

At the end of last December, the ministry decided to use 685 billion yen of taxpayers' money to help cover losses stemming from the liquidation of the jusen firms, but the step has drawn public anger.

The three ruling coalition parties have already set up a task force to discuss the future picture of financial administration, including the ministry's organizational reform.

Japan: Management Agency Firms Up on MOF Inspection Plan

OW0104121796 Tokyo ASAHI SHIMBUN (Morning Edition) in Japanese 30 Mar 96 p 2

[FBIS Translated Text] On 29 March, the Management and Coordination Agency [MCA] firmed up a plan to make its first inspection of the financial administration of the Ministry of Finance [MOF], which is increasingly criticized for its negligent management of financial affairs, such as its failure to prevent bad loans possessed by housing loan corporations (jusen) from swelling. The MCA intends to start the inspection by the end of FY96 at the latest after the budget bill, along with a related bill incorporating measures to liquidate jusen, is adopted. The MCA plans to come up with a report within a year. At the same time, the MCA will inspect each prefecture's financial administration for credit unions and financial practices of agricultural cooperatives and fishermen's unions, keeping in mind the poor finance practices of bankrupt Cosmo Credit Corp. in Tokyo and Kizu Credit Corp. in Osaka.

The purpose for inspecting the MOF's financial administration is to check 1) if Deposit Insurance Corp., which is to be strengthened with the liquidation of jusen, is ready to produce expected results and 2) if there are any deficiencies in systems for supervising and inspecting general banking institutions, including banks that are founders of jusen.

As for the MOF's supervision over general banking institutions in particular, a senior MCA official indicated a critical view, saying: "The MOF had jusen hedged in by making banking institutions submit bulky volume

of files and documents and by giving administrative guidance to the minutest details. Nevertheless, the jusen issue emerged, and we wonder how meaningful the MOF's supervision and inspection system was." In this sense, the MCA considers it necessary to take streamlining measures, such as narrowing the subject of MOF supervision and inspection.

Japan: LDP Upper House Leader on Passage of 1996 Budget Bill

OW0204124396 Tokyo KYODO in English 1103 GMT 2 Apr 96

[FBIS Transcribed Text] Tokyo, April 2 KYODO — The ruling coalition will see to it that it does not have to spend the maximum 30 days to enact the fiscal 1996 budget bill in the House of Councillors, a Liberal Democratic Party (LDP) member said Tuesday [2 April].

Masakuni Murakami, head of the LDP's upper house members, told a press conference that, "although we don't know when and how the budget bill will be sent from the House of Representatives to the upper house, we will avoid an automatic enactment of the bill so as to maintain the prestige of the upper house."

In Japan, 30 days after the powerful lower house passes a budget bill, it is automatically enacted even if the upper house fails to pass it into law.

Murakami said the upper house will hold a thorough debate on the government's plan to use taxpayers' money to help liquidate failed housing loan companies.

Deliberations on the 75.1 trillion yen fiscal 1996 budget bill, which have been delayed due to a boycott of Diet talks by the main opposition party Shinshinto (New Frontier Party), are expected to resume in early April.

Japan: Funada Eyes New Conservative Party With Hatoyama

OW0304033796 Tokyo KYODO in English 0307 GMT 3 Apr 96

[FBIS Transcribed Text] Tokyo, April 3 KYODO — An up-and-coming member of Shinshinto (New Frontier Party) said Wednesday [3 April] he shares "common understanding" with a high-ranking official of a rival political party of the need to form a new conservative group.

Hajime Funada, associate chairman of Shinshinto's General Council, told reporters he is exploring the possibility of forming such a party with Yukio Hatoyama, secretary general of New Party Sakigake [Harbinger], before the next general election.

Hatoyama, 49, separately told reporters that he believes he and Funada, 42, are basically in accord on policies and philosophies.

Sakigake is the smallest member in the three-party governing coalition, which includes the Liberal Democratic Party (LDP) and the Social Democratic Party (SDP). Shinshinto is the largest opposition party.

Hatoyama and Funada met Monday evening to exchange their views and agreed to consult closely with each other about establishing a new conservative party which could rival the LDP led by Prime Minister Ryutaro Hashimoto and Shinshinto led by Ichiro Ozawa.

The two men are understood to pursue a "small government" scenario with emphasis on deregulation, greater local autonomy and a balanced budget, according to political insiders who closely follow their thinking.

Funada has long expressed his opposition to Shinshinto boss Ozawa's alleged arm-twisting leadership style and his latest flirtation with Hatoyama is likely to invite repercussions from other Shinshinto lawmakers, the insiders said.

Japan: LDP's Yosano Expects General Elections Early Next Year

OW0304065896 Tokyo KYODO in English
0612 GMT 3 Apr 96

[FBIS Transcribed Text] Tokyo, April 3 KYODO — The dissolution of the House of Representatives and subsequent general elections could take place between next January and March, a senior member of the dominant ruling coalition partner Liberal Democratic Party (LDP) said Wednesday [3 April].

Kaoru Yosano, acting chairman of the LDP's Policy Affairs Research Council, said the general elections will not be called this year because the government's scheme to use taxpayers' money to liquidate insolvent mortgage companies has been under fire from the general public.

He also said most LDP members do not want the elections to be held after April 1 next year because of the slated increase of the consumption tax rate from the current 3 percent to 5 percent in April 1997.

Thus he projected the next general elections might be held between January and March.

Yosano made the comments during an address at a meeting of the Federation of Economic Organizations.

The government scheme to use at least 685 billion yen in taxpayers' money to liquidate the seven failed housing loan lenders has been criticized by the general public and the opposition camp.

Members of the leading opposition party, Shinshinto (New Frontier Party), blocked the lower house budget committee room for three weeks in March, demanding the housing loan firm outlay be dropped from the state budget for this fiscal year, which started Monday.

The blockade of the Diet building forced the coalition government, led by Prime Minister and LDP President Ryutaro Hashimoto, to compile a stopgap budget effective for 50 days until May 20 in the absence of a full budget. Deliberations on the 75.1 trillion yen full budget resumed Monday.

The full four-year terms of the lower house members will end July 17, 1997, but speculation has risen that the lower house's dissolution and the following general elections could take place sometime this year or early next year.

The LDP is teaming up with the Social Democratic Party and New Party Sakigake [Harbinger] in the coalition.

Japan: Hashimoto-Kajiyama Government, 'Three Tasks' Viewed

962B0048A Tokyo VOICE in Japanese Mar 96
pp 50-51

[Article by Shigezo Hayasaka, political commentator: "The Hashiyama-Kajiyama Government and 'Three Tasks'" in Series "Looking Ahead/Domestic Politics"]

[FBIS Translated Text]

It Developed Into a Two-Person Prime Minister

"Shige, I ended up with this job with awesome responsibility. Please help any way you can."

"Congratulations. It developed into a two-person prime minister, so everyone concerned was taken by surprise..."

"It's not a joke. I'm Hashimoto's elder wife. Because I'm playing the wife's role of being his right hand."

This is the exchange from a telephone call which came to my office on the day following the advent of the Hashimoto coalition government from Chief Cabinet Secretary Seiroku Kajiyama, who once called himself a "wandering gunman."

The change of government, which had been rumored by popular opinion to occur about April, began at one stroke by the "New Year Week change of government." The greatest source of energy which drives people to actions which are devoid of all sense of decency is, at all times and in all places, calculation of loss and gain, and also the desire to escape from hatred and fear. Former

prime minister Tomiichi Murayama and former finance minister Masayoshi Takemura were frightened by the housing loan companies "jusen" storm in the regular session of the Diet, which began on 22 January, and by the disappearance of the Social Democratic Party of Japan and the New Party Sakigake, so they consulted together and deserted under fire like scared rabbits. That is the only reason that they invited Prime Minister Hashimoto.

The one who told me: "When I talked to Hashimoto about the problem of the dam at the mouth of the Nagara River, he cited more than 10 other problems with rivers. I was astonished," is Noboru Takeshita, who corresponds to Hashimoto's mentor and protector. The one who commented: "If it is Hashimoto, there is a sense of stability, so I can put my mind at ease," is Yasuhiro Nakasone. The reviews by the two former prime ministers transmit the essence of the new prime minister without adding or subtracting: that Hashimoto has a head for details and is good at figures, that he has a strong sense of balance, that he also implements policies based on plans, and that it is easy for him to obtain the cooperation of bureaucrats.

On the other hand, Hashimoto, whose pet theory is: "a politician should be a policy professional," spent too long as a solitary lone wolf, devoting himself to study. He has little experience in faction business, party business, Diet management and management at each juncture of the political situation. Therefore, in forming the current cabinet, he had difficulty appointing a finance minister and a chief cabinet secretary. Unable to look on with indifference, Takeshita, told him: "Kubo is the person in the SDPJ who knows most about government finance," and Nakasone advised him: "A chief cabinet secretary who can handle bureaucrats in the manner of Masaharu Gotoda when I was prime minister is good. Kajiyama is probably suited for the position."

The essence of Prime Minister Hashimoto is a moderate, practical-business type of leader who will push ahead with reform within the system in a reasonable manner. He analyzed himself to me by saying: "I am changing to a lower gear, because once I start moving I will not stop," but, as his footprints indicate, his political action is caution itself.

Ichiro Ozawa, who became the leader of New Frontier Party, is unrivaled in ideas to radically, drastically shatter the present blocked up situation, explosive energy and Kakuei [Tanaka]-style power to act. These two, who made their debut as politicians in the Eisaku Sato faction of the Liberal Democratic Party in the heyday of factions, and received training from Kakuei

[Tanaka], Shin Kanemaru and Takeshita, separated into friend and foe and confronted each other in this ordinary session of the Diet, and will stand face to face in the next general election. It is like a dream.

Give Great Emergency Powers to Japan's Prime Minister Too

Prime Minister Hashimoto's guardians are Nakasone, Takeshita and Kajiyama. This same Kajiyama was assigned the job of occupying the position of head clerk of the cabinet, and directing management of the political situation in a practical way. Kanemaru is the one who critiqued his three disciples by saying "Hata for peaceful times, Ozawa for troubled times and Kajiyama for times of great trouble." The tasks which the Hashimoto government faces are reconstruction of the finance system, starting with disposition of the jusen problem, and passing the government's FY96 budget bill within the current fiscal year.

However, spending government funds for disposal of jusen, which will amount to a per-capita tax burden of 5,565 yen for Japanese citizens, will not be tolerated without thorough disclosure of information which satisfies taxpayers and a clear distinction of responsibility, including criminal responsibility, among those involved. Soon after assuming the post of chief cabinet secretary, Kajiyama, who is painfully aware of this, launched a trial balloon of freezing the 685 billion yen expenditure for jusen.

Kajiyama had an ulterior objective in mind. Ozawa, whose skill Kajiyama knows as well as Ozawa knows his, will attack by cancelling the budget allocation for the jusen. That is the only opening for a breakthrough by which the New Frontier Party can undo the tripartite coalition's defenses. Even the LDP, which was conscious of dissolution of the Diet and a general election, has lost confidence because of jusen-phobia. The management of information which the veteran, Kajiyama, who saw this, spread in searching for a foundation for disposing of the difficult problem, was first-class. Diet debate will probably be developed based on Kajiyama's statement.

I published my personal view, titled "Prime Minister Hashimoto's Three Tasks," on page two of the 11 January morning edition of YOMIURI SHIMBUN. I recommended that Prime Minister Hashimoto implement these three: Approve use of the right of collective self defense in order to make Japan's security system firm! Boldly reform the structure of tax revenue by correcting the ratio of direct to indirect taxes and increasing the rate of the consumption tax, and reconstruct government finances, which are in a state of bankruptcy! Persuade

the Japanese people to bestow great emergency powers for crisis management on powerless Japanese prime ministers, who possess only the authority to appoint and dismiss cabinet ministers and the authority to dissolve the Lower House of the Diet, and make it a reality!

On the occasion of the first anniversary of the Great Kobe-Osaka Earthquake Disaster which produced over 6,300 victims on 17 January 1995, Chief Cabinet Secretary Kajiyama set forth a review of Article 6 of the Cabinet Act. Fettered by Article 66 of the Constitution and Articles 4 and 6 of the Cabinet Act, successive Japanese prime ministers are unable to realize their own political intentions unless via unanimous agreement at cabinet meetings or the administrative powers of cabinet ministers. Under the parliament-cabinet system there is no veto power vis-a-vis the Diet in the manner of U.S. President Clinton. It is a matter of Prime Minister Hashimoto breaking down this restriction in a legal manner and obtaining great emergency powers which will enable him to deal with crisis management at home and abroad. Leaders are "officials who defend the people." I hope that the inseparable team of Hashimoto and Kajiyama will advance, pushed by Kajiyama's proposal, as a milestone.

Japan: 'Details' of Soka Gakkai-Shinshinto Heads Meeting

962B0053A Tokyo SHUKAN BUNSHUN in Japanese
7 Mar 96 pp 178-179

[Article by Junya Yano: "Full Details of the Meeting Between Shinshinto President Ozawa and Soka Gakkai Chairman Akiya"]

[FBIS Translated Text] It is said that information gathering by the Prime Minister's official residence has become active of late. This is due to the concern about how a scandal involving seven failed housing loan companies will further expand in view of a deepening suspicion that Prime Minister Ryutaro Hashimoto's former secretary was implicated in the scandal. However, there is also another reason.

Chief Cabinet Secretary Seiroku Kajiyama is paying unusual attention to the "real intentions" of a 19 February summit meeting between Soka Gakkai [Japan's largest lay Buddhist foundation] and Shinshinto [New Frontier Party], saying: "I wonder what kind of talks they really had."

"Line of Reconciliation With Soka Gakkai"

Mr. Kajiyama is regarded a supporter of the "line of reconciliation with Soka Gakkai." In the summer two and a half years ago, the Liberal Democratic Party [LDP] lost its power at a Diet session for political

reform and had to suffer hardships as an opposition party. Mr. Kajiyama was the LDP's secretary general at that time.

Even a leading member of former Keiseikai [Takeshita faction] to which Mr. Kajiyama also belonged coldly makes the following remarks: "Mr. Kajiyama would be making the same colossal blunder if his reconciliation policy toward Soka Gakkai turns out to be a misjudgment and Soka Gakkai gives full support to Shinshinto. This would consequently precipitate the LDP into the status of an opposition party through a crushing defeat. In this case, he should perform *harakiri*." What really went on at this summit meeting?

Shinshinto's Mr. Kenji Yamaoka told the press corps that "Soka Gakkai made a firm commitment to its full support" while Soka Gakkai expressed a little different view that "it was not unconditional full support that we mentioned." Why is there this difference?

"There is a background for it," says the leading former Keiseikai member. As if he were talking about something like a missile development in a certain country, he says that "with a revision of the Religious Corporation Law last year, religious corporations have now come within the range of shot from the Diet."

He explains: "With the revision of the law, nationwide religions have now been placed under the jurisdiction of the national government and papers are to be submitted sooner or later with this jurisdictional change. The LDP is paying attention to documents to be submitted to the Agency for Cultural Affairs from Soka Gakkai. In case Soka Gakkai submits, without any modification, the same incorporation application it used to establish itself as a religious corporation, the agency will exercise its administrative guidance and note that 'the document should be updated.' If the group does not comply with this request, the Diet will take issue with the application."

"Does the description of the religious corporation's purposes, that is, its creed, etc. remain unchanged from the time it was first established? To be sure, Soka Gakkai no longer has any connection with (Oishi) Temple [the head temple of a Nichiren sect. Does the documents correctly reflect its actual real estate and floating asset conditions? These things will be called into question."

But there is a questionable point in these remarks. Once a religious corporation is authenticated, its vested rights must be duly respected. Accordingly, what is called the transfer of jurisdiction "virtually represents an automatic slide into new jurisdictional relations and so the Agency for Cultural Affairs has no right to say this or that

about the process. Old documents can be used in the application process." This reasoning is also good.

However, the LDP insists on virtual reapplication to reflect actual conditions. It says that otherwise, Aum Shinrikyo also will be authenticated automatically.

The aforementioned [former Keiseikai] leading member says in a menacing tone: "Formerly, Soka Gakkai was under the jurisdiction of the Tokyo Metropolitan Government. Therefore, in the Diet interpellation, the Agency for Cultural Affairs kept repeating that 'we have not received any report on that point from the Tokyo Metropolitan Government, which has jurisdiction.' In the future, such it-is-none-of-our-business kind of answers will not be allowed. Any antisocial incident causing a stir in the mass media will immediately be taken up at the Diet interpellation. It will also be possible to summon witnesses as the occasion demands."

What he is saying largely smacks of a bluff, but this remark reflects the real intention of former Keiseikai leaders — although many of them are considered to favor the "LDP-Soka Gakkai reconciliation doctrine."

Soka Gakkai denies the reconciliation with the LDP, saying that "we will fight it out against the LDP's antidemocratic suppression of religion." Which on earth is eager for reconciliation, the LDP or Soka Gakkai?

The LDP is also fearful of the election. Though the LDP really "wants votes" at heart, the above leader mentions something else with a meaningful look.

Perhaps, perceiving such an atmosphere, Shinshinto President Ichiro Ozawa asked Soka Gakkai for support in the next Lower House election at the Soka Gakkai-LDP summit meeting.

A question expressing apprehensions over Shinshinto's future was asked by Soka Gakkai. It asked, "Some Shinshinto members are professing their desire to leave the party, and what will become of Shinshinto hereafter?" Policy Affairs Council Chairman Kozo Watanabe explained that "we have admonished those persons" and that "there is nothing to worry about."

Interrelations Between "Election and Full Support"

Soka Gakkai Chairman Einosuke Akiya reportedly said [at the meeting] that "we will support Shinshinto in proportional representation, but we will give priority to individuals in small constituencies." While making this remark, he is reported also to have said that the more the election is delayed, "the more it may become impossible to give our full support."

Regarding this Akiya utterance, Mr. Watanabe told the press corps that "I got the impression that Soka

Gakkai would not engage itself in the election campaign after September." Former Prime Minister Morihiro Hosokawa, who also attended the meeting, has reportedly expressed the same impression.

From its look, Shinshinto seems to feel that "we cannot understand why support for the election can differ, depending on the time of the Diet dissolution." The party suspects that "the timing cannot be a factor and so Soka Gakkai may have suggested its move for some modifications regarding the election." Thus, doubts are begetting doubts within the party.

What matters here is not a minor exchange of words. It is what Chairman Akiya really meant when he said that "we will find it difficult to give full support if the election is delayed." The Shinshinto side appears to have perceived his remarks seriously, thinking that "Soka Gakkai might possibly be looking forward to the LDP-Soka Gakkai reconciliation and that the remarks might be an advance divorce notice to Shinshinto."

However, things are not as simple as that. A leading Soka Gakkai member says: "What is momentous here is how the LDP will move. There certainly are some leading LDP members who call for reconciliation with Soka Gakkai. However, they belong to a minority and a majority of members are still against Soka Gakkai. There is a strong feeling in Soka Gakkai that it cannot carelessly trust the LDP. That is why it also cannot instantly seek 'divorce' from Shinshinto." In addition, he says that "Shinshinto's loose style is quite annoying."

That is, because Shinshinto must deal with the possibility of disruption and because of its do-nothingism in dealing with the Diet, "Soka Gakkai 'finds it difficult' to explain to its members why it supports Shinshinto." This is what Chairman Akiya meant when he used the term "find it difficult," according to the leading Soka Gakkai member.

To Soka Gakkai, it is also displeasing that the revision of the Religious Corporation Law proceeded at a pace forced by the LDP last year and that, in addition, "even its Chairman Akiya was called in as an unsworn witness."

"Are You Forsaking and Leaving Us on the Battlefield?"

There certainly is the fear of a split in Shinshinto. The major reason is anti-Ozawa sentiment. But this is not the only reason. Actually, a leading member of the Tsutomu Hata group makes the following clear-cut remarks: "We will lose floating votes if we stage a free-for-all in the Lower House over the witness summons as we did in the Upper House. If we leave Shinshinto before the election,

it would come because we are directed to stage a sham scuffle." Knowing this, the LDP will try to provoke Shinshinto.

Concerning this internal discord, the leading Soka Gakkai member complains: "Shinshinto does not understand the seriousness of the developments caused by the revision of the Religious Corporation Law. The party is too easygoing. It is foolish for Soka Gakkai to go deeper into this Shinshinto business and 'get shot' alone."

Last year Soka Gakkai reacted vehemently against the LDP's move to suppress religion. However, considering the aforementioned circumstances, the leading member also expresses the following view: "Now the first round is over. Both the LDP and Shinshinto are no longer monolithic in their stand toward Soka Gakkai. This is a time when they need to analyze the situation."

It is not the appropriateness of its faith that is the topic of conversation these days regarding Soka Gakkai at a political forum. The relationship between Soka Gakkai and Shinshinto has now become the subject of debate.

Regarding Soka Gakkai, it has begun discussing whether the relationship with Shinshinto is essential from a religious perspective. It is natural for a religion to seek judgment in this regard. A vice chairman of Soka Gakkai declares: "The point of that meeting was Chairman Akiya's suggestion of a future through his remarks that 'Soka Gakkai, a religious group, and Shinshinto, a political party, are not a community bound together by common fate.'"

It may be a fact that Soka Gakkai has gradually been seeking to "widen its latitude and keep a distance from politics." Complicating the situation, however, is the fact that anti-Soka Gakkai jingoists within the LDP and Shinshinto members who have pinned their hopes on Soka Gakkai for votes will vent their anger and grudges on their executives and ask: "Are you not forsaking and leaving us on the battlefield?"

A person who served as prime minister whispers: "This is like a cease-fire in Bosnia-Herzegovina. An ambiguous arbitration will lead to the recurrence of war. Tangled Thread is hard to unravel."

Such being the case, Chairman Akiya naturally has become prudent in his utterances, consequently making them more difficult to decipher.

North Korea

DPRK: Antigovernment Struggles in ROK Reported

SK0204042896 *Pyongyang KCNA in English*
0321 GMT 2 Apr 96

[FBIS Transcribed Text] Pyongyang, April 2 (KCNA) — More than 2,000 students of South Korea reportedly held an anti-"government" rally at Yonsei University in Seoul on March 31.

They denounced with surging indignation the Kim Yong-sam fascist clique for killing No Su-sok, a student of the university, in a peaceful demonstration, shouting: "Overthrow Kim Yong-sam regime, the murderous, decadent 'government'".

Student leaders vowed to continue a large-scale anti-"government" struggle in demand of the resignation of the traitor Kim Yong-sam.

Students of the Pusan-South Kyongsang Provincial Federation of University Student Councils held a rally and a demonstration to commemorate the 14th anniversary of the arson of the "U.S. Cultural Centre" in Pusan in order to inherit the spirit of the arson.

They denounced the U.S. for giving a prior permission for the mobilisation of Armed Forces for the suppression of the Kwangju uprising in 1980 and urged it to make an official apology for it.

Students of the Kwangju-South Cholla Provincial Federation of University Student Councils formed the headquarters of the struggle for the punishment of all those involved in the May massacre and called for a nationwide campaign for the failure of candidates of the "New Korea Party" who are associated with the remnants of the "Fifth and Sixth Republics", in the "National Assembly Elections" slated for April.

DPRK: Teachers, Students Denounce 'Persecution' in ROK

SK0204043696 *Pyongyang KCNA in English*
0340 GMT 2 Apr 96

["S. Korean Fascist Clique's Persecution of Students Under Fire" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 2 (KCNA) — Teachers and students of Kim Hyong-chik University of education met on Monday to denounce the Kim Yong-sam group's fascist persecution of Chong Min-chu and Yi Hye-chong, "birds of hope for reunification."

Speakers at the meeting bitterly condemned the Kim Yong-sam group for having sentenced to imprisonment

the girls, who visited Pyongyang as delegates of the South Korean Federation of University Student Councils (Hanchongnyon) and conducted righteous activities for national reunification.

They branded the sentence as a grave challenge to the entire fellow countrymen's desire for reunification and a brutality of the gangsters who want to see the young girls, who did heroic acts for the country and the nation, fading in prison.

The Kim Yong-sam group must know clearly that they have precipitated their destruction by penalizing the envoys of reunification on unreasonable charges and harshly suppressing the struggle of South Korean students, look straight at the situation and unconditionally and immediately release the girls, they urged.

A letter to the one million students of "Hanchongnyon" was adopted at the meeting.

The letter said Chong and Yi, who made another breakthrough in pulling down the wall of division, out of a patriotic determination to dedicate their youthfulness to promoting national reunification, are harbingers of the reunification movement who deserve respect and praise from the fellow countrymen.

It expressed the expectation that the one million students of "Hanchongnyon" will deal a heavy blow at the Kim Yong-sam "civilian" regime in the forthcoming puppet National Assembly election, have Chong and Yi released as early as possible and make the fascist regime pay dearly for the blood shed by No Su-sok and other martyrs who were killed in resistance.

DPRK: Youth Group Denounces 'Brutal Killing' of Demonstrator

*SK0304040696 Pyongyang KCNA in English
0328 GMT 3 Apr 96*

[*"Kim Yong-sam Group Hit for Brutal Killing" — KCNA headline*]

[FBIS Transcribed Text] Pyongyang, April 3 (KCNA) — The spokesman for the North side headquarters of the National Alliance of Youth and Students for the Country's Reunification in a statement dated April 2 branded the Kim Yong-sam group's brutal killing of No Su-sok, a student of Yonsei University, in a peaceful demonstration as a vicious challenge to the South Korean students and people who turned out in a struggle for independence, democracy and reunification and bitterly condemned the brutality in the name of all the students in the northern half of Korea.

The Kim Yong-sam group on the brink of destruction, denounced by the people for anti-reunification,

anti-national and anti-social reactionary rule, have made every possible effort to suppress pro-reunification democratic forces in South Korea and block the anti-"government" struggle of the South Korean people which is gaining momentum with the April "general elections" drawing nearer, the statement said, and continued:

Realities clearly show once again that with the barbarous Kim Yong-sam "civilian" fascist clique remaining in power it is impossible to realise the desire of the South Korean students and people for independence, democracy and reunification any time.

The Kim Yong-sam group should look squarely at the trend of the times, open to the public the truth behind the "presidential election" fund and step down from power as demanded by the South Korean students and people.

All the students in the northern half of Korea will actively support the struggle of the South Korean students who are devoting their lives and youth to the just cause without hesitation.

DPRK: Government Trade Delegation Leaves for Vietnam

*SK0304102496 Pyongyang KCNA in English
1017 GMT 3 Apr 96*

[FBIS Transcribed Text] Pyongyang, April 3 (KCNA) — A government trade delegation of the Democratic People's Republic of Korea led by Yi Song-tae, chairman of the State External Economic Affairs Commission, left here on Tuesday for a visit to Vietnam.

The delegation was seen off at the airport by Kim Chong-u, vice-chairman of the State External Economic Affairs Commission, and Nguyen An Duy [name as received], charge d'affaires ad interim of the Vietnamese Embassy here.

DPRK: Secretary Hwang Chang-yop Meets With IICI Leader

*SK0204102696 Pyongyang KCNA in English
0903 GMT 2 Apr 96*

[FBIS Transcribed Text] Pyongyang, April 2 (KCNA) — Secretary of the Central Committee of the Workers' Party of Korea Hwang Chang-yop today met and had a friendly talk with director general of the International Institute of the Chuche Idea (IICI) Shuhachi Inoue.

DPRK: Cuban Committee Meeting Supports Korea's Reunification

*SK0204091796 Pyongyang KCNA in English
0844 GMT 2 Apr 96*

[FBIS Transcribed Text] Pyongyang, April 2 (KCNA) — An annual meeting of the Cuban Committee for Supporting Korea's Reunification was held in Havana on March 27.

The meeting discussed the tasks of this year after reviewing the work of last year.

Jesus Montane Oropesa, chairman of the Cuban Committee for Supporting Korea's Reunification, said at the meeting that this year marking the 20th anniversary of the Cuban Committee for Supporting Korea's Reunification, which was formed under the full support of Comrade Fidel Castro, Cuba will invariably support and encourage the struggle of the Korean people for the reunification of the country and the socialist construction.

Noting that the friendly and cooperative relations between Cuba and Korea provided by the great leader Comrade Kim Il-song and Supreme Commander Comrade Fidel Castro have been developed day by day, he stressed that he will make all his efforts to strengthen these relations this year marking the 20th anniversary of the committee.

DPRK: Russian Embassy Officials Visit Mangyongdae

*SK0304035596 Pyongyang KCNA in English
0322 GMT 3 Apr 96*

[FBIS Transcribed Text] Pyongyang, April 3 (KCNA) — Russian ambassador to Korea Yuri Fadeyev and embassy officials visited Mangyongdae on Tuesday on the occasion of the birth anniversary of the great leader President Kim Il-song.

They, being briefed on the history of the home in Mangyongdae where he was born, looked round historic relics with deep interest.

They planted magnolia, pine-nut and other kinds of trees with much care around the native home.

The ambassador said they would remember forever the great exploits performed by President Kim Il-song in developing friendship between the Russian and Korean peoples.

DPRK: Yugoslav Parliamentary Delegation Arrives 2 Apr

*SK0204102296 Pyongyang KCNA in English
0944 GMT 2 Apr 96*

[FBIS Transcribed Text] Pyongyang, April 2 (KCNA) — A delegation of the Federal Assembly of Yugoslavia led by speaker of its chamber of Citizens Radoman Bozovic arrived here today to visit the Democratic People's Republic of Korea at the invitation of the Supreme People's Assembly (SPA) of the DPRK.

The delegation was welcomed at the airport by chairman of the SPA Yang Hyong-sop, secretary general of the SPA Standing Committee Yi Mong-ho, a deputy to the SPA Paek Nam-chun, director of the Secretariat of the C.C. [Central Committee], the Democratic Front for the Reunification of the Fatherland, and Yugoslav Ambassador to Korea Ljubomir Djukic.

DPRK: Yugoslav Delegation Visits Kim Il-song's Statue

*SK0204105296 Pyongyang KCNA in English
0945 GMT 2 Apr 96*

[FBIS Transcribed Text] Pyongyang, April 2 (KCNA) — A delegation of the Federal Assembly of Yugoslavia led by speaker of its chamber of Citizens Radoman Bozovic called at the statue of the great leader President Kim Il-song on Mansu Hill today to lay a floral basket and make bows.

DPRK: SPA Chairman Meets Yugoslav Parliamentary Delegation

*SK0204123796 Pyongyang KCNA in English
1155 GMT 2 Apr 96*

[FBIS Transcribed Text] Pyongyang, April 2 (KCNA) — Chairman of the Supreme People's Assembly (SPA) Yang Hyong-sop today, at the Mansudae Assembly Hall, met and had a friendly talk with the delegation of the Federal Assembly of Yugoslavia led by speaker of its chamber of Citizens Radoman Bozovic that paid a courtesy call on him.

Present there were Yo Yon-Ku, vice-chairperson of the SPA, officials concerned and Yugoslav Ambassador to Korea Ljubomir Djukic.

DPRK: Pakistani Group Lays Basket Before Statue of Kim Il-song

*SK0304040096 Pyongyang KCNA in English
0329 GMT 3 Apr 96*

[FBIS Transcribed Text] Pyongyang, April 3 (KCNA) — A visiting group of the Navy Staff College of

Pakistan headed by Shahid Nawaz on April 2 laid a floral basket before the great leader President Kim Il-song's statue on Mansu Hill here and made a bow.

DPRK: Planning Workers Lay Basket Before Statue of Kim Il-song

*SK0304035696 Pyongyang KCNA in English
0324 GMT 3 Apr 96*

[FBIS Transcribed Text] Pyongyang, April 3 (KCNA) — Participants in the national conference of active planning workers laid a floral basket before the statue of the great leader President Kim Il-song standing on Mansu Hill in Pyongyang and made bows on Tuesday.

They were overwhelmed with feelings of yearning after and infinite respect for President Kim Il-song, who founded the chuche-based state planning organ 50 years ago, put forward the unique idea and theory on planning the national economy and wisely led their materialisation.

They hardened their determination to bring about a turn in planning the national economy to carry through the revolutionary economic strategy of the party under the guidance of the great leader Comrade Kim Chong-il, holding President Kim Il-song in high esteem through all ages.

DPRK: Senior Officials Attend Ceremonies Marking New School Year

*SK0204043596 Pyongyang KCNA in English
0335 GMT 2 Apr 96*

[FBIS Transcribed Text] Pyongyang, April 2 (KCNA) — A new school year has begun on the threshold of the significant holiday of April.

The respected Comrade Kim Chong-il made sure that a new school year begins in April from this year, and showed great favours to the students and pupils so that they can learn to their hearts' content at schools equipped with all the facilities.

Ceremonies for opening a new school year were held at the senior middle schools and primary schools on Monday throughout the country.

Senior party and government officials participated in the ceremonies in Pyongyang and local areas to congratulate the new pupils.

After the ceremonies, they inspected school lessons and talked with teachers and pupils, encouraging them to achieve bigger success in education and study in hearty response to the party's education policy.

DPRK: Pak Song-chol, Chang Chol at Yun I-sang Museum's Opening

*SK0204044996 Pyongyang KCNA in English
0317 GMT 2 Apr 96*

[FBIS Transcribed Text] Pyongyang, April 2 (KCNA) — A ceremony for opening the Yun I-sang Museum was held on Monday.

Taking over the lofty will of the great leader President Kim Il-song, who treasured and took care of Yun I-sang in his lifetime, the great leader Comrade Kim Chong-il has had the museum built to hand down to posterity the feats left by Yun for the nation.

Present at the ceremony were members of the Political Bureau of the Central Committee of the Workers' Party of Korea and Vice-President Pak Song-chol, officials concerned, working people and artistes in the city.

Yun I-sang's family and the overseas Koreans who are staying in the socialist homeland were also on hand.

Chang Chol, vice-premier and minister of culture and art, said in an opening address that the opening of the museum is the great love and solicitude shown by the respected general Kim Chong-il to Mr. Yun I-sang, a world-famous composer.

The museum would hand down through generations the brilliant career of Yun I-sang, who lives an eternal life in the embrace of the great leader, he said.

Yi Su-cha, widow of Yun I-sang, made a speech at the ceremony.

DPRK: Chang Chol at Yun I-sang Memorial Concert Closure 1 Apr

*SK0204042996 Pyongyang KCNA in English
0323 GMT 2 Apr 96*

[FBIS Transcribed Text] Pyongyang, April 2 (KCNA) — The concert which opened to honor the memory of Yun I-sang on March 28 closed on April 1.

Present there were Vice-Premier of the Administration Council and Minister of Culture and Art Chang Chol, officials concerned and artistes and working people in Pyongyang.

The bereaved family of Yun I-sang was present on invitation.

Played at the concert were wonderful works composed by Yun I-sang, a world-famous composer produced by the nation, and pieces of music of different countries around the world.

DPRK: Party, Army, People 'Determined' To Defend Kim Chong-il

*SK0104104496 Pyongyang KCNA in English
1028 GMT 1 Apr 96*

[**"NODONG SINMUN Calls For Devotedly Defending General Kim Chong-il"** — KCNA headline]

[**FBIS Transcribed Text**] Pyongyang, April 1 (KCNA) — **NODONG SINMUN** today carries a political essay headlined "For the Headquarters of Revolution."

The daily says the whole party, the entire Army and all the people are determined to defend the leader, the headquarters of the revolution under the slogans "For the great General Kim Chong-il" and "Let us devotedly defend the headquarters of the revolution."

If the respected Comrade Kim Chong-il, supreme commander, calls on us to rise up in just battles against the imperialist aggressors, we will mercilessly annihilate the enemy, regarding our faith "for the great General Kim Chong-il" as the banner of victory and the glory, the daily says, and continues:

Seeing General Kim Chong-il inspecting frontline posts, we have hardened to devotedly defend him with the conviction of sure victory.

Our strong determination to devotedly defend the supreme commander, the headquarters of the revolution, is the faith, spirit and will of victors to overcome any trials of history and win a great victory in the accomplishment of the *chuche* cause, the socialist cause.

The whole party, the entire Army and all the people, let us become today's seventh regiment in defending the respected Comrade Kim Chong-il, supreme commander, at the cost of our lives — with this great spirit which has been inherited through generations, we are confidently advancing, undaunted by the present-day difficulties and hardships.

The Korean communists and people enjoy a worthwhile life because they have a strong willingness and spirit to become rifles and bombs in defending the headquarters of the revolution at the cost of their lives.

We are prepared to be rifles and bombs to defend the great general for our life, the existence of the nation, the great glory and happiness of humanity.

DPRK: Cuban Printing House Issues Booklet on Kim Il-song's Work

*SK0304035796 Pyongyang KCNA in English
0318 GMT 3 Apr 96*

[**FBIS Transcribed Text**] Pyongyang, April 3 (KCNA) — "Answers to Questions Raised by a Delegation of Journalists of **WASHINGTON TIMES** From the United States," a famous work of the great leader President Kim Il-song, was published in booklet by the Idict Printing House in Cuba on the occasion of April 15.

DPRK: Country Reportedly Needs 1.2 Million Tons of Grains

*OW0104122296 Tokyo ASAHI SHIMBUN
in Japanese 29 Mar 96 Morning Edition p 8*

[**FBIS Translated Text**] Bernard Krisher [name as transliterated], 64-year-old former director of **NEWSWEEK's** Tokyo branch, visited North Korea (the DPRK) until mid-March. Mr. Krisher was engaged in delivering relief rice to North Korea, which has been suffering from a flood last summer. While North Korea is still suffering from a serious food shortage, it is reported that Mr. Krisher noticed hospitalized children suffering from malnutrition. It has been reported that North Korea has rejected foreign aid but he disclosed comments by a source of the authorities that "the country hopes for continuous humanitarian aid."

Last November, Mr. Krisher visited North Korea, and then, he visited such disaster-affected localities as Huichon in Jagan Province, Anju in South Phyongan Province, and North Hwanghae Province 5-12 March to distribute 260 tons of rice, powdered milk, shoes, and other commodities.

According to Mr. Krisher, there was no heating at a Huichon hospital because the boiler in the basement was flooded. As a result, 500 patients were sent home and only a few with serious illnesses stayed in rooms with stoves.

At the pediatric ward, four malnourished babies were hospitalized with their mothers. Reportedly, their homes were destroyed in the flood, and since the mothers could not obtain sufficient food, they were unable to breast feed the babies and they became malnourished.

In a document given to Mr. Krisher, the Committee on Restoration From Flood Damage disclosed that North Korea "has appealed to the international community for flood relief but has rejected aid because the ROK and other countries have used the relief work for political purposes." Nevertheless, it has not rejected all relief aid but will accept strictly humanitarian aid. Moreover, citing outcomes of UN World Food Program (WFP)

surveys, the committee admitted that it is still short 1.2 million tons of grains.

In this connection, Mr. Krisher intends to continue his relief work so as to assist restoration of hospitals and distribution of relief rice.

DPRK: Kim Chaek Steel Complex Discovers Ways To Conserve Energy

*SK0304043096 Pyongyang Korean Central Broadcasting Network in Korean
2100 GMT 31 Mar 96*

[FBIS Translated Text] Reporter Choe Chang-hwa of the Central Broadcasting reports that party members and steel producers of the Kim Chaek Steel Complex have risen in unison to uphold and implement the party's revolutionary economic strategy, and have vigorously waged the struggle to produce more steel products with less materials and fuel, bearing the same spirit and fighting will that guaranteed production during war time.

Functionaries, workers, and technicians of the blast furnace workshop have worked with the furnace in a scientific way, and adjusted the combination of material and fuel according to the standard manual. They have worked well in reducing the fuel consumption per tonne of molten iron. The complex has eliminated loss in transit in the shunting track and unloading yard where coal trucks arrive, and has innovated technology to detect ways to conserve coal.

Technicians and workers of the fireproof material workshop set a bold technology innovation goal to use substitute fuel for the molding furnace, and vigorously waged the struggle to install a new production procedure in a short period of time using substitute fuel instead of gas to produce firebricks. Hundreds of tonnes of coal are expected to be conserved here this year, and the conserved coal will be used for many boilers.

DPRK: Yi In-mo Writes Article Praising 'Great Generals'

*SK0204101596 Pyongyang KCNA in English
0902 GMT 2 Apr 96*

["Former KPA War Correspondent on Korean People's Happiness in Having Great Generals" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 2 (KCNA) — Yi In-mo, former war correspondent of the Korean People's Army (KPA) who is well known in the world as incarnation of faith and will, contributed to NODONG SINMUN today an article headlined "Our Nation Is Blessed With Great Generals" and words of a

song "We Sing of Our Everlasting Happiness in Having Great Generals."

After being taken prisoner by the enemy while serving as a war correspondent in the fatherland liberation war, he had been kept behind bars and persecuted for scores of years in South Korea until he was sent back to the socialist homeland in March 1993.

His articles on the Korean people blessed with great leaders and a great party, which he had felt keenly, were already carried by the daily.

In the article carried in today's edition of the daily, Yi says the Korean people's happiness in having great generals through generations is their greatest pride, valuable life and soul, and matchless strength.

He further says:

When we talk about general, it does not mean a commander who guides a war and battles or a general who commands an army corps but means the leader who defends and glorifies the destiny of the country and the nation.

For the Korean people general is the savior of the nation's destiny and the defender of the country from the enemy's aggressive moves to stifle it.

Guided by the great leader Kim Il-song, the anti-Japanese brilliant commander, the Korean people could enjoy a fortune of having a great general who freed them from the nation's distress and misfortune and ushered in a new era of national restoration and prosperity.

Under the leadership of the respected General Kim Il-song, our people became a heroic people who defeated the U.S. imperialists for the first time in the world and makers of miracles who turned our country into a socialist industrial state in some ten years though the imperialists said it could not be rebuilt within a hundred years. So, the fortune of our people is really the greatest one.

Our happiness in having generals is a fortune peculiar to our people, a fortune our people have enjoyed through generations. The respected General Kim Chong-il has been revered by all the people as a great thinker and theoretician and the master of benevolent politics who possessed literary and military accomplishments, undergoing all trials and hardships. He has demonstrated the dignity of socialist Korea, which was founded by General Kim Il-song, smashing the enemy's repeated challenges with distinguished strategies and grit.

The happiness, which the Korean people began enjoying in the period of the anti-Japanese struggle as they were guided by General Kim Il-song, has continued through

generations and has become greater in the 90s because they have been guided by General Kim Chong-il.

Enjoying General Kim Chong-il's leadership, the Korean people are keeping their first great general, Kim Il-song, always in their mind. As General Kim Chong-il is always with us, our happiness is everlasting.

Yi In-mo goes on to say:

As we are guided by General Kim Chong-il, our country, our Army and our people have become the strongest in the world.

Ours is the country of the generals, the country blessed with great brilliant commanders through generations. Our country will as ever develop in line with the generals' philosophy and ideas, emerge victorious with their grit and strategies and live under their benevolence and love.

Everlasting will be our happiness, which has been associated with the patriotic and revolutionary traditions of Mangyongdae and Mt. Paektu and has become greater by Pyongyang's independent spirit.

In the words of the song Yi In-mo says that since the sun rose above Mangyongdae, the Korean people could have a general who saved the country, and since the bright star rose above Chongil Peak of Mt. Paektu, they could have another general who has developed the country.

He also says their happiness, which began in Mangyongdae and Mt. Paektu, will continue for all ages and the country blessed with great generals will be ever prosperous.

DPRK: Kim Il-song's 'Famous Works' Studied in Mongolia, Egypt

SK0204045096 *Pyongyang KCNA in English*
0315 GMT 2 Apr 96

[FBIS Transcribed Text] Pyongyang, April 2 (KCNA) — The famous works of the great leader President Kim Il-song have been studied and disseminated in Mongolia and Egypt.

A seminar on the work "10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" took place at the private institute of history of oriental philosophy in Mongolia.

The speakers said that the esteemed President Kim Il-song put forward reasonable proposals for the reunification of the country and "10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" in 1993.

"He was an ardent patriot, revolutionary and great thinker and theoretician", they noted.

They added that the 10-point programme advanced by the president is the most reasonable and just one which is acceptable to everyone.

Lecture meetings explaining the works "Historical Experience of Building the Workers' Party of Korea", "Theses on the Socialist Rural Question in Our Country" and "For the Ultimate Solution of the Rural Question Under the Banner of the Socialist Rural Theses" were held at the Cultural Center in Cairo, Egypt.

South Korea

ROK: U.S. Forces Expected To Remain After Reunification

SK0304022196 *(Internet) The Chungang Ilbo WWW in English* 3 Apr 96

[FBIS Transcribed Text] Diplomatic sources in Seoul predicted on April 2nd that during the summit meeting with President Kim Yong-sam on the 16th, United States President Bill Clinton is likely to announce a strategic plan on the ultimate expansion of the sphere of activities of American forces in Korea from the Korean Peninsula to include all of East Asia.

Such a scenario is based on the perception that in the future the military threat from North Korea will cease and is a clear indication that American forces will continue to be based on the Korean Peninsula even after the two Koreas are reunited.

ROK: U.S. Official on U.S.-DPRK Missile Talks, MIA Negotiations

SK0304012596 *Seoul YONHAP in English*
0110 GMT 3 Apr 96

[FBIS Transcribed Text] Washington, April 2 (YONHAP) — The United States and North Korea are likely to resume talks on the repatriation of the remains of American soldiers killed in action during the Korean war at the same time missile talks are scheduled to take place late this month, an American official said Tuesday.

The official said that the MIA remains repatriation talks will run in parallel with missile negotiations, adding that the talks are mostly likely to be started late this month.

The official recalled that the remains talks held in Hawaii last year failed to reach compromise "due to the stern stance of the North Koreans."

"When the talks resume, however, the soft line of the Foreign Ministry is expected to prevail over the stern military," the official said.

Another American source said that although North Korea has yet to formally respond to the U.S. proposal to resume the remains talks, and although the timing and venue of the talks have not yet been determined, "the talks could take place in either Kuala Lumpur or New York but probably in the latter."

The source anticipated rough sailing for the upcoming remains repatriation negotiations, noting that there is a wide gap separating the two sides. The United States wants to deal with the issue of joint exhumation first, while North Korea insists on settling the matter of compensation first, the source said.

The proposed U.S.-North Korea missile talks and remains repatriation negotiations have been pushed ahead in the course of implementing the nuclear framework agreement reached between the two countries in 1994, the source noted.

"No excessive political significance should be attached to these specialist-level negotiations," he added.

ROK Finance Ministry Officials Criticize USTR Report

SK0304020796 Seoul THE KOREA TIMES in English 3 Apr 96 p 9

[FBIS Transcribed Text] Ministry of Finance and Economy (MOFE) officials yesterday criticized the 1996 U.S. Trade Representative (USTR) report on Korea's market opening as being wrong and biased.

One of what Korean government officials see as a misunderstanding is the view that foreign brokers may not open several branches and broker and invest in non-listed Korean stocks. Furthermore, it said erroneously that "foreign banks are permitted to establish branches only after one year had passed following the establishment of a representative office."

An MOFE official said he was embarrassed by the false U.S. report, and that many of the contents in the report are untrue or outdated.

This is not the first time that the USTR's annual report contained factual errors. A few years ago, it made similar mistakes.

Another MOFE official said the erroneous Washington report symbolizes that Seoul's financial market-opening and liberalization have been implemented at a pace that "is difficult for U.S. officials to keep up with."

In addition to the factual errors, the USTR report is also described by Seoul officials as biased because it only highlighted problems faced by foreign bankers, brokers and insurers, without mentioning the timetable Seoul unveiled to address these issues.

For example, the report said, "U.S. insurance firms in Korea list as major problems the economic need test, restrictive rates, form regulations, limitations of investment, lack of transparency and due process, distribution barriers and reinsurance restrictions."

USTR Report on ROK Carries 'Relatively Mild Tone'

SK0304030296 Seoul THE KOREA HERALD in English 3 Apr 96 pp 1-2

[By staff reporter Choe Song-chin]

[FBIS Transcribed Text] Korea's trade officials, while heaving a sigh of relief at avoiding the brunt of the U.S. trade offensive in Washington's latest trade report, set about to prepare for some potentially thorny bilateral issues yesterday.

Announcing this year's foreign trade barriers list Monday, the United States cited the restricted airing of foreign-produced programs on Korea's cable TV, limited shelf period for sterilized milk and mineral water, and marketing obstacles for imported rice as major trade barriers in this country.

The report took issue with Korea's automobile tax, which it said is three times higher than the U.S. rate and even rises further in proportion to engine sizes, officials said.

Seoul's customs and quarantine systems on foreign agricultural products were also described as being too complicated and demanding by the National Trade Estimate Report on Foreign Trade Barriers, or NTE report. Although Korea lifted its import ban on rice by adopting an import quota system, restrictions still remain in distribution to end consumers, it said.

The NTE report is renewed annually by compiling U.S. companies' complaints, reports from American embassies overseas and various administrative agencies, said officials at the Ministry of Trade, Industry and Energy.

Washington conducts negotiations with cited nations for six months to remove practices it sees as harmful to U.S. industries. If these negotiations fail, it designates the PFCP (priority foreign country practice) list by Sept 30, and imposes sanctions according to the Super 301 U.S. Trade Act.

"This year's NTE report on Korea is little different from the 1995 edition in substance, except that the United States expressed its complaints by citing specific examples this time," said Han Yong-su, the ministry's director-general for bilateral trade affairs.

Another ministry official said that the U.S. Administration's relatively mild tone in criticizing Korea appears to be aimed at bringing about substantive changes here rather than stepping up its verbal attack.

In the financial sector, the report cited as trade barriers the foreign equity limits in listed companies, restriction in establishing foreign banks and brokerage houses, recalcitrance to freely allow new financial instruments and services and prohibition to sell individual accident insurance for alien underwriters.

Another area of potential dispute was the telecommunications sector for which bilateral negotiations are already under way in Washington.

The report said that Korea requires excessive safety guarantee documents on foreign businesses, is not ready to protect trade secrets of foreign participants and virtually pursues a "local buy" policy, indirectly calling for the foreigners to buy Korean-made parts and components.

It also expressed complaints against what U.S. officials allege is the lack of intellectual property rights here, particularly the short copy protection period and unwarranted use of U.S. cartoon characters.

In the service sectors, the report cited limited foreign participation in foreign language institutions, insurance agencies and discrimination in TV advertising time.

"As a whole, the report evaluates favorably the improvements made in Korea's trade practices," said Han, the director-general. "It, however, points out the existence of secondary and technical barriers remaining here."

For instance, it said there remain problems in customs clearance, quarantine and industrial standard areas in this country although Seoul liberalized imports in most areas, he said.

Han said that the government will deliver its positions on the areas, in which the U.S. side is mistaken or Seoul is making improvements so that Washington can rectify its viewpoints.

For areas that require bilateral negotiations, it will make thorough preparations by maintaining close channels among related government agencies, he said.

ROK, U.S. Clergymen Plan To Lead Easter Sermon in Pyongyang

SK0304104596 Seoul YONHAP in English
0736 GMT 3 Apr 96

[FBIS Transcribed Text] Seoul, April 3 (YONHAP) — Four South Korean and American clergymen will give the Easter sermon at Bongsu Church in Pyongyang Sun-

day, sources from the Presbyterian Church of (South) Korea (PCK) reported Wednesday.

They will visit the North Korean capital via Beijing Sunday for Easter worship and will return to Seoul Tuesday, according to the sources.

The four are Rev. Sin Hyon-kyun, chairman of the PCK's committee on inter-Korean cooperation for missionary work, Rev. Om Ki-ho, vice chairman of the Christian Gospel Movement for National Unification, Rev. Yi Sung-man, former chairman of the (American) National Council of Churches, and Rev. Marj Carpenter, moderator of the Presbyterian Church of the United States.

"We will deliver sermons there emphasizing national reconciliation and urging North Koreans to actively participate in the efforts for national unification," said Sin. "We will also promise them the support of South Korean churches for North Korean flood victims."

The ministers will also contribute 200,000 U.S. dollars collected from Christians in South Korea and the United States to the North Korean Church.

Kang Yong-sop, chairman of the (North) Korean Christian Federation, sent invitations to Sin and other clergymen in late February this year. Sin and Kang obtained approval from the National Unification Ministry for their contact with North Koreans.

This will be the first time for South Korean clergymen to deliver sermons at a North Korean Church.

ROK Government Withholds Consent for Clergymen's Pyongyang Visit

SK0304105396 Seoul YONHAP in English
0944 GMT 3 Apr 96

[FBIS Transcribed Text] Seoul, April 3 (YONHAP) — The government has withheld its consent to the planned visit to North Korea by four Protestant leaders this week.

An official at the National Unification Ministry (MNU) said Wednesday afternoon that though the clergymen wishing to visit Pyongyang insist that their planned visit is purely for religious purpose, the visit is apt to be politically exploited by the North Koreans as the proposed visit is timed with Kim Il-song's birthday programs in the North.

Rev. Sin Hyon-kyun of the Presbyterian Church of Korea and chairman of the church's committee on inter-Korea cooperation for missionary work, and three others planned to visit Pyongyang on April 5 by way of Beijing to give an Easter sermon at Bongsu Church in Pyongyang.

The three others included two Korean clergymen and Rev. Marj Carpenter, moderator of the Presbyterian Church of the United States.

ROK: Ceremony Marks KEPCO Selection as DPRK Reactor Contractor

SK3003022496 Seoul THE KOREA TIMES in English 30 Mar 96 p 1

[FBIS Transcribed Text] Prime Minister Yi Su-sung said yesterday that South Koreans assigned to construct two light-water reactors in North Korea should show warm-heartedness to their North Korean compatriots to promote cooperation in the project.

"I hope that the nuclear power plant to be built in Sinpo, Hangyong-namdo, will become a candle shedding light and warmth to the North Korean residents, brightening the way for the unification of the fatherland," Yi said in a speech delivered at a reception marking the selection of the Korea Electric Power Corporation (KEPCO) as prime contractor of the multi-billion-dollar nuclear reactor project in North Korea.

He also stressed the importance of continued international cooperation in successfully concluding the project which not only represents efforts to resolve inter-Korean issues but also embodies a vision to ensure world peace.

KEPCO President Yi Chong-hun said that the naming of KEPCO as prime contractor of the North Korean nuclear project will help export "Korean standard nuclear power plants" to overseas markets.

"South Korea's central role in the North Korean reactor project was reaffirmed when KEPCO obtained legal status as prime contractor," he said.

A KEPCO spokesman said that the reactor project will lay the groundwork for Korean unification by opening the way for large-scale human and material exchanges for the 10-year construction period.

"At the peak of construction, up to 7,000 workers are expected to be mobilized a day and the total volume of shipments to North Korea will reach one million tons," the spokesman said.

KEPCO will begin constructing the power plant as soon as the international reactor consortium concludes negotiations with North Korea on the use of the land of the nuclear plant site.

ROK: Follow-up Reactor Protocol Talks To Be Held in U.S., DPRK

SK0304101096 Seoul KBS-1 Radio Network in Korean 0900 GMT 3 Apr 96

[FBIS Translated Text] Negotiations on a follow-up protocol to the light-water reactor supply agreement will be held alternately in New York and Mt. Myohyang, North Korea. On 3 April, Choe Yong-chin, deputy executive director of the Korean Peninsula Energy Development Organization (KEDO), disclosed that KEDO and North Korea have agreed to take turns in holding negotiations in New York and Mt. Myohyang after the first meeting on the follow-up protocol slated to be held in New York on 8 April.

Deputy Executive Director Choe added that the first round of protocol negotiations will include such working-level matters as consular protection for the KEDO staff, communications, and traffic guarantees.

ROK: More on DPRK-KEDO Negotiations on Reactor Protocol

SK0304115796 Seoul YONHAP in English 1142 GMT 3 Apr 96

[FBIS Transcribed Text] Seoul, April 3 (YONHAP) — The Korean Peninsula Energy Development Organization (KEDO) and North Korea will have talks in New York and Mt. Myohyang of North Korea by turn beginning April 8 to discuss the conclusion of follow-up protocols for the implementation of the agreement on the supply of light-water reactors.

"The venues of KEDO-North Korea talks were agreed on during the visit to North Korea by the KEDO Executive Director and Vice Directors on March 26-30," Choe Yong-chin, KEDO vice executive director, said Wednesday.

He said the two sides agreed to have the first-round talks in New York on April 8. "We will discuss the conclusion of three protocols on consular protection, transit-communications service and receipt of site land," Choe said.

Observing it would take two to three months to conclude the follow-up protocols, Choe said that once the protocols are signed, KEDO would launch a base work for the construction of light-water reactors.

North Korea, he said, offered maximum working-level cooperation with regard to protocol negotiations.

"In particular, North Korea asked us to begin, even before signing the proposed protocols, ground leveling of the reactor site, building temporary lodging facilities and constructing an 8-km road linking the reactor site

to the Yanghwa harbor through which equipment and materials would be brought in," he said.

Besides, North Korea has already relocated 140 of the 300 families set to be removed from the reactor site area and laid an optical fiber cable between Pyongyang and Sinpo to upgrade telephone and facsimile service there, according to Choe.

"In connection with the relocation of residents from the Sinpo area, KEDO will provide a resettlement expense in an amount not exceeding 100,000 dollars," he said.

He was quick to add, however, the money has nothing to do with cost compensation for the people moving out. "The money is merely a symbolic contribution designed to ensure smooth relations between reactor project undertakers and local residents," Choe said.

ROK Daily Urges Independent Defense Against DPRK's Missiles

SK0304081096 Seoul MUNHWA ILBO in Korean
1 Apr 96 p 11

[Editorial: "Missile Talks and Independent National Defense"]

[FBIS Translated Text] North Korea and the United States reportedly will hold talks in Berlin on 19 and 20 April to discuss the suspension of North Korea's missile exports to the Middle East. In the wake of the North Korea-U.S. Geneva nuclear agreement, the missile talks are the second issue from which the ROK has been excluded.

U.S. Assistant Secretary of State Winston Lord has said that the missile talks are one of the preconditions for improving North Korea-U.S. relations that were stipulated in the Geneva agreement, and that the United States is consulting closely with the ROK regarding this issue. While the talks may be follow-up measures to the Geneva agreement, being left out of discussions on North Korea's missile exports and its membership in the Missile Technology Control Regime, which is a life and death issue for the security of the Korean peninsula, leaves us feeling ill at ease. In the meantime, North Korea promised to implement the joint declaration on the denuclearization of the Korean peninsula and to resume North-South dialogue on the Geneva agreement, but it has yet to keep its word.

North Korea reportedly will ask for a considerable amount of compensation in return for controlling its export of missiles. The United States reportedly will offer further relaxation of economic sanctions and is considering having the "beneficiaries" of the missile export suspension — namely, Israel and Japan — pay the compensation. It is difficult for us to understand

U.S. rationale. The United States folds every time North Korea increases the ante with a military threat involving either the nuclear or missile issue. This may be a temporary solution, but it cannot solve the problem at its root.

This issue should be sufficiently discussed at the ROK-U.S.-Japan high-level policy meeting that is to be held in Hawaii this week. Any unresolved points at the Hawaii meeting should be discussed at the ROK-U.S. summit that is to be held on Cheju Island. The Clinton administration's intention to speed up diplomatic and military relations with North Korea in consideration of its presidential elections is not desirable for the security of the Korean peninsula. We would like to take this opportunity to stress that it is only practical for the ROK to speed up its development of missiles. North Korea has already deployed the operational Nodong No. 1 missile, whose range is over 1,000 km, and is reportedly developing the Nodong No. 2, an improved version of the Nodong No. 1 with a 1,500 to 2,000-km range.

In contrast with North Korea, the ROK Government canceled its missile development plan in the early 1980's at the request of the United States. In 1990, the government made the ill-advised move of readily agreeing with the United States to limit the ROK's ground- to-ground missile development to a range of 180 km. Independent national defense is the natural right of any sovereign country. The ROK needs urgently to reconsider its complaisant attitude of banking even a part of its national defense program on the United States' collective security system while North Korea's military threat continues unabated.

ROK: DPRK Reportedly Refuses To Hold Talks With Kim Government

SK0304105196 Seoul CHOSON ILBO in Korean
3 Apr 96 p 2

[By reporter Yi Chun from Tokyo]

[FBIS Translated Text] Stephen Bosworth, secretary general of the Korean Peninsula Energy Development Organization (KEDO), who recently visited North Korea, revealed that North Korean authorities said that it is the policy of North Korea not to hold political talks with the ROK during President Kim Yong-sam's term of office. According to Japanese diplomatic sources on 2 April, such a remark was made when the visiting KEDO delegation met with Kang Sok-chu, North Korea's vice foreign minister. Sources also conveyed that he said, however, that they will respond to working-level talks regarding economic cooperation and to individual cases.

ROK: DPRK Ambassador on 'Tense Situation' on Korean Peninsula

SK0304023796 Seoul YONHAP in English
0219 GMT 3 Apr 96

[FBIS Transcribed Text] Moscow, April 2 (YONHAP) — North Korean Ambassador to Russia Son Song-pil said Tuesday that a tense situation is being created on the Korean peninsula as if "it were on the eve of war," and claimed that the situation is totally attributable to the South Korean Government and conservatives in the United States.

The ambassador quoted a recent statement by Vice Armed Forces Minister Kim Kwang-chin in denouncing the South Korean Government and the United States and emphasized that "North Korean Armed Forces will rise up to protect the socialism and fatherland."

Son made the remark at a committee meeting of the Russian lower house while speaking about the "situation on the Korean peninsula in the wake of a statement issued by Vice Armed Forces Minister Kim Kwang-chin."

"North Korea has attempted to begin a dialogue with South Korea, but Seoul has not responded," said Son, quoting Kim's statement on the cause of the increased tension on the Korean peninsula.

North Korea claimed in the statement issued in the name of Kim on March 29 that "unusual military movement is taking place on the southern side of the Military Demarcation Line," and said that it would take appropriate measures related to the status of the Demilitarized Zone (DMZ) separating South Korea from the reclusive communist state.

When asked about U.S. response to Kim's statement, the ambassador replied, "Although the United States has not yet made a specific response, it will carefully study the contents of Kim's statement."

Son went on to say that the North Korean position is to reach an agreement with the United States to guarantee peace on the Korean peninsula.

ROK: KDI Predicts Rise of Reformists, Economic Opening in DPRK

SK3003012696 Seoul THE KOREA TIMES in English
30 Mar 96 p 9

[FBIS Transcribed Text] The Korea Development Institute (KDI) yesterday predicted that the voices of reformists will be strengthened in North Korea and a full-scale economic open-door policy will be adopted in the next century.

This reformist trend will gain a further boost when the four superpowers, the United States, China, Japan and Russia, recognize South and North Korea.

In the report titled, "A 21st Century Vision for the Korean Economy," the institute said China and Russia will make great progress in their shift toward market-oriented economies. This should force North Korea to recognize the South and pursue economic cooperation.

In the 21st century, cold economic theory and principle will be dominant in Northeast Asia, it said.

It said Pyongyang will recognize the two-country and two-system principle and both sides will independently pursue diplomatic and defense policies while moving to integrate gradually with each other in the economic field.

The report said South-North federation will allow commodities and capital to freely move between the two halves of the Korean peninsula, with a limited exchange of labor along the De-Militarized Zone.

KDI said both sides will ultimately establish a panel aimed at adjusting economic policies and at forming free trade or customs union agreements. Pyongyang will gradually move to a market-based economy, with price deregulation and the selling of state assets to the private sector.

The economic integration of the two Koreas, it predicted, will create a domestic market with 83 million consumers. In keeping with the progress in South-North economic cooperation, the agony of families dispersed in North and South will be eased and the South's population concentration problem will naturally be solved.

KDI said it is unsure of whether the South and North will undertake full political integration, adding that the South has no reason to seek a hasty political integration of the two Koreas.

ROK Editorial on DPRK Counterfeiting Incident, Smuggling

SK0304031196 (Internet) The Digital Choson Ilbo
WWW in English 1234 GMT 2 Apr 96

[Editorial: "A Consummate Group of Criminals"]

[FBIS Transcribed Text] Is North Korea simply one consummate group of criminals? The recent detection of the North's money counterfeiting and tobacco smuggling operations leads us to brand the North as one nation-led group of people engaged in immoral crimes of a comprehensive nature throughout the whole of the world.

It is very rare indeed to come across a country in which the government itself leads its citizens by example by engaging in ignominious acts of a criminal nature. In Panama, General Noriega had traipsed heavily into the world's illegal drug trade and was subsequently arrested by the Americans, however one cannot identify, at least in modern times, another country where the government itself is comprehensively engaged in counterfeiting, smuggling, drug trafficking and terrorist activities.

If the North administration is actively leading its people into a life of systematic, entrenched crime then one naturally wonders about the moral consciousness and nature of the mind-set of the members of the North's infrastructure organizations. It may be that these people, having been raised and bred into a life of immorality, are unable to distinguish lawfulness from unlawfulness and have no opportunity to develop a crime consciousness and thus have developed no inherent concern of external criticism or condemnation. In any event, however, now that it has been discovered that the hijacker of the Yudo Airlines plane was involved in the counterfeiting incident, it will be necessary for the US and Japan, the parties which directly suffered as result of these incidents, to investigate the matter thoroughly. Not only will North Korea be the butt of criticism by countries in the South-East Asia region, it will be very difficult for the North to emerge honourably in future negotiations with Japan and the US. In addition, it will now be particularly difficult for the North to press for deletion of its name from the list of "terrorist" states in connection with the missiles talks.

If the North wishes to continue to receive food supplies from the United Nations and maintain negotiations with Japan and the US, it must concede its wrongdoing in relation to the counterfeiting incident and co-operate in investigations to follow. The North government must also pledge to desist from engaging in criminal activities. Despite the fact that high-tech information systems proved that Kim Il-su, who held a North Korean consular passport, was in fact one and the same as Yosijo, one of the Yudo Airlines hijackers, the North persists in denying any involvement which this only adds to suspicion that it forever bears false witness.

**ROK Foreign Minister Meets With UNHCR
Sadako Ogata**

SK0304070696 Seoul YONHAP in English
0637 GMT 3 Apr 96

[FBIS Transcribed Text] Seoul, April 3 (YONHAP) — Foreign Minister Kong No-myong on Wednesday met with United Nations High Commissioner for Refugees (UNHCR) Sadako Ogata to extend Seoul's gratitude for the UNHCR's efforts to take unprejudiced positions

in dealing with North Korean loggers who recently defected to South Korea from their Siberian logging camps.

Kong and Ogata also exchanged views on ways to enhance cooperation between South Korea and the UNHCR office in handling issues concerning refugees around the world, according to a Foreign Ministry official who attended the Kong-Ogata meeting.

Ogata, who has been serving as the UNHCR since 1991, once visited Seoul in 1994.

**ROK: IFRC Urges Help of ROK Red Cross in
Relief Aid to DPRK**

SK0304064596 Seoul YONHAP in English
0633 GMT 3 Apr 96

[FBIS Transcribed Text] Seoul, April 3 (YONHAP) — The International Federation of Red Cross (IFRC) has asked the Korean National Red Cross (KNRC) to help implement its second relief program for flood victims in North Korea, KNRC officials said Wednesday.

The second relief program was begun after North Korea recently decided to resume accepting such relief aid from the world community.

In a situation report dated March 22, IFRC said it would concentrate relief efforts on 26,000 households or approximately 130,000 people between April and October, when harvests will begin.

IFRC plans to supply each flood victim with 450 grams of rice and 100 grams of beans per day and two liters of cooking oil per household a month during the seven-month period.

The relief program will require a total of 12,285 tons of rice, 2,730 tons of beans, and 364,000 liters of cooking oil, according to the situation report.

The focus of the relief program will be 6,115 households or 30,575 people in Huichon city, Chagang Province, and 4,800 households or 24,000 people in Sinuiju city, North Pyongan Province.

Other areas hit by the flood including Unpa county, North Hwanghae Province and Ichon county, Kangwon Province will also be included in the relief program.

IFRC will maintain its mission in the North, the report said.

The situation report was formulated jointly by IFRC and the Red Cross Society of North Korea, the report added.

A KNRC official said, "We'll determine our response to the ifrc request for help in consultation with government authorities."

ROK: 'Korean Good Neighbor Society' Providing Bread to DPRK

*SK0304050296 (Internet) The Digital Choson Ilbo
WWW in English 1236 GMT 2 Apr96*

[FBIS Transcribed Text] The Korean Good Neighbour Society has been supplying bread to the North for many months now.

The Society was established in South Korea last year by Yi Il-ha, a citizen of a third country and holder of a US green card, and who is able to enter the North. The Society has a subsidiary office in Dandong, China, located very close to Sinuiju, a North city located close to the Yalu River border. Recently \$US20,000 was provided to establish a bread factory in Dandong.

The Society has as its primary goal the provision of bread to North Korean children suffering from a severe food shortage, although it is expected that in the more critical months where food supplies are at their lowest, adults will also receive bread.

In strict terms, the bread is supplied not by the Society but dispensed through the International Good Neighbour Organization, which has United Nations registration, pursuant to a request by the North government so that aid is not perceived to come directly from the South.

ROK: Japan, DPRK Reportedly Hold 'Closed-Door' Talks

*SK0304021496 Seoul YONHAP in English
0117 GMT 3 Apr 96*

[FBIS Transcribed Text] Tokyo, April 3 (YONHAP) — Japan and North Korea held an unofficial closed-door meeting in Beijing in mid-March to prepare for the resumption of rapprochement talks suspended since November 1992, the YOMIURI SHIMBUN reported Wednesday.

Koro Bessho, director of the Foreign Ministry's Northeast Asia Division, visited Beijing on March 18 to meet high ranking officials from the North Korean Workers' Party and the government, the newspaper said, quoting a government source.

The discussion at this meeting was about whether or not preliminary talks should be held before resuming the suspended normalization talks, it added.

North Korea reportedly asked for additional rice aid from Japan at the meeting, the influential Japanese-language newspaper said.

Prime Minister Ryutaro Hashimoto's ruling coalition will send a mission to Seoul around mid-April to ease South Korea's concern about the resumption of Japan-

North Korea rapprochement talks, it quoted government and ruling coalition sources as saying.

In consideration of Pyongyang's positive stance on the normalization talks, Japan will resume the talks after South Korea's general elections on April 11, it said.

Japan and North Korea began an unofficial dialogue late last December through two channels — between embassies in Beijing and between the Japanese Liberal Democratic Party and the North Korean Workers' Party.

Facing economic difficulties, including severe food shortages, the communist country wishes to improve relations with Japan and Western countries, the newspaper said.

Because of Seoul's probable insistence that Japan not resume rapprochement talks with North Korea unless the communist country resumes the inter-Korean dialogue suspended in 1994, Japan will go through some diplomatic ups and downs before resuming the talks with North Korea, it added.

ROK: Moscow Regrets DPRK Minister's Remarks on DMZ, MDL

*SK3003015696 Seoul YONHAP in English
0150 GMT 30 Mar 96*

[FBIS Transcribed Text] Moscow, March 30 (YONHAP) — The Russian Foreign Ministry has expressed regret about remarks made Friday [29 March] by Kim Kwang-jin, North Korea's vice armed forces minister, that the Demilitarized Zone and the Military Demarcation Line on the Korean peninsula can not be maintained the way they are now.

Foreign Ministry Spokesman Grigoriy Karasin made the comment through ITAR-TASS News Agency right after Kim's statement was made public, and said, "Moscow stresses once again that it supports the easing of tensions on the Korean peninsula and inter-Korean dialogues."

Although Russia shares with North Korea the view that the Armistice Agreement fails to cope with changes of the times, Karasin noted, it is the Russian Government's consistent stance that the treaty should be maintained until a new one, which will be able to ensure security on the peninsula and meet the interests of countries concerned, irons out.

The spokesman added that the Russian Government's position is contained in a proposal it has made, which calls for summoning an international meeting of involved nations to deal with the Korean peninsula question.

ROK: Kim Yong-sam Urges ASEM Nations' Support for Seoul Meeting

SK0304053696 Seoul THE KOREA TIMES in English
3 Apr 96 p 2

[FBIS Transcribed Text] President Kim Yong-sam yesterday called for the cooperation of ambassadors of 24 member countries of the Asia-Europe Meeting (ASEM) to help make the 2000 Seoul ASEM a success.

Kim also asked for their active support for Seoul's efforts to reconcile with Pyongyang in a luncheon he hosted for the ambassadors and their wives at Chongwadae [presidential offices] yesterday.

Also on hand at the luncheon were Foreign Minister Kong No-myong, Trade-Industry-Energy Minister Pak Chae-yun, Vice Finance-Economy Minister Yi Hwan-kyun, presidential chief of staff Kim Kwang-il, chief presidential foreign policy advisor Yu Chong-ha and four other senior presidential secretaries.

In a luncheon speech, Kim pledged that South Korea will actively take part in major projects agreed upon in the March Bangkok ASEM, including the pan-Asia railroad network construction and the Mekong River basin development project.

"ASEM member nations should now actively participate in the enterprises we have agreed upon at the first meeting," Kim said.

He called on ASEM governments as well as the private sector to avoid exclusive regionalism and make joint efforts to promote and enhance common economic growth and prosperity.

Kim promised that South Korea will expand exchange programs for students and other young people who will help strengthen the partnership of Asia and Europe in the 21st Century.

"Plans like these will be the firm foundation for the construction of a new Silk Road to bridge Asia and Europe," the Chief Executive said.

ROK: O Cha-pok Named Vice Chairman of Unification Council

SK0204063096 Seoul THE KOREA TIMES in English
2 Apr 96 p 2

[FBIS Transcribed Text] President Kim Yong-sam yesterday named O Cha-pok, former defense minister, vice chairman of the Advisory Council on Democratic and Peaceful Unification.

O, now president of a fraternity of elderly figures from five provinces in the northern part of the Korean peninsula, succeeds Kim Myong-yun, who was tapped as a

candidate for the proportional representation National Assembly seat by the ruling New Korea Party. President Kim is chairman of the unification council.

A native of Kaesong, Hwanghae-to, O served in many high Army posts after being commissioned as a second lieutenant in 1951.

ROK: 5,000 Students Confront Police Over Death of Protester

SK3003144296 Seoul YONHAP in English
1159 GMT 30 Mar 96

[FBIS Transcribed Text] Seoul, March 30 (YONHAP) — Over 5,000 students confronted riot police in western Seoul Saturday afternoon in protest against the death Friday of a fellow protester in what they called a brutal crackdown on anti-government demonstrators.

The clash took place in front of Yonsei University, where the students held a rally mourning and denouncing the death of No Su-sok, 20, a law major at Yonsei.

Collapsed during a violent street clash with riot police Friday evening, No was pronounced dead upon arrival at a hospital. The cause of death was not immediately known.

The students demanded that the government apologize for the tragic incident and probe into the exact cause of the death. They also demanded that the truth be made public about the allegation that a portion of former president No Tae-u's slush fund was funneled into bankrolling President Kim Yong-sam's presidential election campaign in 1992.

Another students' demand called for securing sufficient budget on education so that students' tuition fees may not be raised sharply year after year.

In an effort to prevent the protesting students from hitting the streets, the police deployed around the campus 10 riot police companies, numbering approximately 12,000.

Because of the clash, traffic was extremely congested near the campus until late in the afternoon.

In Kwangju, meanwhile, some 800 students confronted riot police in downtown Saturday afternoon. The protesters demanded, among others, that officials responsible for violent crackdown on student demonstrators be punished.

ROK Autopsy: Demonstrator's Death Due to Heart Disease

*SK3103115696 Seoul YONHAP in English
0852 GMT 31 Mar 96*

[FBIS Transcribed Text] Seoul, March 31 (YONHAP) — The death of a Yonsei University student during a Friday evening demonstration in Seoul was due to a heart trouble, not due to any impact from outside, an autopsy tentatively showed Sunday.

After a four-hour autopsy of the body of No Su-sok, Dr. Kang Sin-mong of the National Scientific Investigation Institute said his death is believed to have been caused by a heart trouble.

"But, a final death cause will be determined in a week after more careful study," Kang said.

He said there were six to seven spots of hypodermal bleeding. "But, myself and other doctors present agreed the bleeding cannot be the cause of his death," he said.

Saying that an abrupt fatal heart trouble can occur even among healthy persons, Dr. Cho Sang-ho of Yonsei University said the possibility of his natural death cannot be eliminated though a tense demonstration or tear gas could have precipitated the heart failure.

A total of 26 persons were present at the autopsy. They included autopsy doctors, observer doctors chosen by the bereaved family and investigation officials.

However, a dissident committee refused to accept the initial autopsy outcome, insisting that it is certain No died as a result of beating by the police during the demonstration.

ROK: Funeral Services for Protester Planned for 4 Apr

*SK0304032896 Seoul YONHAP in English
0300 GMT 3 Apr 96*

[FBIS Transcribed Text] Seoul, April 3 (YONHAP) — Funeral services for No Su-sok, the Yonsei University student demonstrator who died Friday while fleeing from riot police, will be held Thursday morning at his alma mater.

"The funeral will be held by students Thursday at 8 AM and No's body will be buried in Mangwoldong, Kwangju," according to a joint statement released Wednesday by Yonsei University and No's bereaved family.

No collapsed suddenly while fleeing from riot police Friday evening, while participating in a student demonstration at Chongno, downtown Seoul. Although the preliminary autopsy Sunday confirmed that the cause

of death was a heart attack, students and dissidents are claiming that police brutality played a role in the 20-year old's death. "No's bereaved family strongly demanded that his funeral be held seven days after his death," the university said, adding that after his wake at the mortuary, his funeral would be held at the school's main building.

"The possibility of a memorial service being held at Ulchiro 5-ka (the downtown area of Seoul where No collapsed) is being studied," Yonsei noted.

Additional confrontations between police and students are expected Wednesday afternoon, as a large rally in memory of No has been scheduled by the Federation of Student Councils at democracy plaza on the Yonsei University campus.

ROK: Absentee Voting Scheduled To Begin 4 Apr

*SK0304081696 Seoul YONHAP in English
0659 GMT 3 Apr 96*

[FBIS Transcribed Text] Seoul, April 3 (YONHAP) — Absentee voting for the 15th general election will take place from Thursday to Saturday at polling stations established nationwide.

A total of 792,363 people had registered as absentee voters by Monday, and 558,660 of those are soldiers who will cast their ballots outside of their barracks with the help of local election management commissions.

Registered voters on remote islands will also vote when commission officials visit.

Absentee polls will be open from 10:00 AM-4:00 PM [0100-0700 GMT] in ward, city and county voting booths, but other voters will have to check the date and time fixed by each election commission.

The central election management commission has appointed 2,738 voting witnesses from the various political parties, 2,647 as polling management members and 1,708 as general clerks.

ROK Election Committee: 298 Election Violations Detected

*SK3103115896 Seoul YONHAP in English
0752 GMT 31 Mar 96*

[FBIS Transcribed Text] Seoul, March 31 (YONHAP) — A total of 298 cases of election violations have been uncovered across the country as of Saturday, the Central Election Management Committee reported Sunday.

Of the total, 46 cases were reported since the election-eering formally began on March 26, it said.

People involved in eight of the total cases were sued; those in 38 cases were referred to law enforcement authorities for investigation; those in 161 cases were served warnings; those in 59 cases cautioned; and those in 32 others turned over to the relevant authorities.

The campaigners sued included Kwon Yong-ok, chief campaigner for the ruling New Korea Party's Yi Myong-pak, who is charged with distributing party bulletins containing the outcome of an election opinion poll and articles denouncing rival candidates, the committee said.

ROK: Prosecution Books 456 Election Law Violators

SK0304081496 Seoul YONHAP in English
0726 GMT 3 Apr 96

[FBIS Transcribed Text] Seoul, April 3 (YONHAP) — A total of 456 people have been booked by the Supreme Public Prosecutor's Office for violating election laws as of Wednesday, eight days before the April 11 general elections, the prosecutor's office announced Wednesday.

Of the suspected offenders, 131 are running for parliamentary seats, according to the report, and 57 of the total booked have been incarcerated.

In contrast, 332 people were booked and 18 taken into custody eight days before the 1992 elections.

Of the total number of candidates charged this year, 54 are from the ruling New Korea Party, 28 from the major opposition National Congress for New Politics, and 17 each from the Democratic Party and the United Liberal Democrats.

ROK: Prosecutors Probe Alleged Buying of Party Nominations

SK3003072796 Seoul YONHAP in English
0548 GMT 30 Mar 96

[FBIS Transcribed Text] Seoul, March 30 (YONHAP) — The Seoul District Prosecutor's Office has begun investigating parliamentary election candidates suspected of contributing huge sums of money to their political parties in exchange for nominations.

Kuk Chang-kun of the major opposition National Congress for New Politics (NCNP) is among those now being investigated. He was nominated to represent Tamyang-Changsong electoral district in South Cholla Province.

A prosecution official said Saturday that Kuk reportedly withdrew approximately 800 million won from his savings account prior to being nominated by the NCNP.

"Kuk withdrew the money in 10,000-won bills from approximately 30 assumed-name accounts at the Chonnam Mutual Savings and Finance Co. between November 1995 and January 1996," the official said.

The prosecution plans to summon Kuk and other individuals involved in the incident early next week to find out why he withdrew the money.

If it is discovered that he donated the money in exchange for his nomination, prosecutors will take legal action against him on charges of violating the political fund law and real-name financial transaction violation law, the official said.

The prosecution is also going to investigate allegations made by two members of the United Liberal Democrats Party who have claimed that a huge amount of money was demanded for nominations.

Yi Pil-sun and Pak Wan-kyu have claimed that they have a tape recording of a conversation in which the ULD leaders demanded about 13 billion won as part of the party's nominating process for national representative candidates.

ROK: ULD Denies Kim Chong-pil Received \$66 Million From Japanese

SK3003095096 Seoul YONHAP in English
0725 GMT 30 Mar 96

[FBIS Transcribed Text] Seoul, March 30 (YONHAP) — The conservative opposition United Liberal Democrats denied as "totally groundless" Saturday the allegation that its leader Kim Chong-pil received in 1966 66 million U.S. dollars from Japanese firms as political funds.

"In view of its timing, the allegation is a premeditated fabrication the ruling New Korea Party had had the Democratic Party, its second company (quasi-ruling party), make to damage the United Liberal Democrats. It is totally groundless," claimed ULD election campaign spokesman Yi Tong-pok.

The Democratic Party, quoting a 1966 report of the U.S. Central Intelligence Agency (CIA), has earlier alleged that Kim Chong-pil, while serving as chairman of the then ruling Democratic Republican Party, received a total of 66 million dollars from six Japanese firms from 1961 to 1965.

Kim took his first exile from February to October 1993, second exile from June to December 1994, and third exile in 1995, and assumed chairmanship of the Democratic Republican party on Dec. 27, 1995, Yi said.

"The period during which Kim Chong-pil was alleged to have received the funds is thus inconsistent with his affiliation with the then ruling party," Yi asserted.

The United Liberal Democrats will consider taking a legal action against "such nasty fabrication," Yi added.

ROK: NCNP Demands Truth About Kim Chong-pil's Political Funds

SK3103061996 Seoul YONHAP in English
0610 GMT 31 Mar 96

[FBIS Transcribed Text] Seoul, March 31 (YONHAP) — The opposition National Congress for New Politics (NCNP) on Sunday called for the revelation of the truth of the allegation that Kim Chong-pil, head of the United Liberal Democrats, received political funds of 66 million dollars from Japanese firms in the 1960s.

Kim Myong-won, vice spokesman for the NCNP Election Campaign Headquarters, was commenting on the American CIA report that Kim Chong-pil received the money for use in running the then ruling republican party during his DRP (Democratic Republican Party) chairmanship in the mid-1960s.

"If it is true that Japanese firms gave him the money with a view to spurring Korea-Japan normalization talks and obtaining business monopoly in South Korea, Mr. Kim Chong-pil would hardly be able to shun responsibility," Kim said.

He also took the occasion to reiterate the party demand that President Kim Yong-sam disclose the amount of funds he used in the last presidential election.

"Light should by all means be shed on any black money no matter whether it be political funds of three decades ago or presidential election funds of three years ago," the NCNP spokesman said.

ROK: Prosecution To Summon NCNP Lawmaker Pak Tae-yong

SK0104043896 Seoul YONHAP in English
0146 GMT 1 Apr 96

[FBIS Transcribed Text] Kwangju, April 1 (YONHAP) — The Kwangju District Public Prosecutor's Office was poised to summon Rep. Pak Tae-yong of the opposition National Congress for New Politics (NCNP) Monday for questioning about the allegation that he virtually bought his NCNP nomination for the April 11 parliamentary election for 200 million won (256,000 U.S. dollars).

Pak's secretary, Yi Chae-yang, 31, has told the prosecution that his boss gave 50 million won each to Rep. Kwon No-kap and another unidentified NCNP leader in

addition to a 100 million won special party membership fee, an official said.

Yi was quoted as testifying that he saw Pak giving Kwon's secretary 50 million won in front of Pak's house one day toward the end of January.

To raise the money for his parliamentary nomination, Pak borrowed 30 million won from the National Assembly branch of the National Agricultural Cooperatives Federation (NACF) in the names of Pak himself and Yi. Yi was further quoted as testifying.

The NACF is a special bank serving farmers.

The prosecutor's office will examine the accounts Pak and Yi opened at the NACF National Assembly branch, the official said.

In a related development, the office is also examining the 36 accounts NCNP parliamentary nominee Kuk Chang-kun opened at Chonnam Credit Union here in borrowed names to raise 800 million won allegedly for his parliamentary nomination.

The prosecution has confirmed that Kuk used the names of his driver, his sister and two others to open these accounts.

ROK: NCNP Lawmaker Denies Alleged Contribution for Nomination

SK0104031796 Seoul YONHAP in English
0212 GMT 1 Apr 96

[FBIS Transcribed Text] Seoul, April 1 (YONHAP) — Rep. Pak Tae-yong denied Monday the allegation that he contributed a large sum of money to the major opposition National Congress for New Politics (NCNP) in return for being nominated as a candidate in the upcoming general elections.

Rep. Pak told a press conference held at the NCNP headquarters, "I paid the party a 50 million won special party fee in late January and 100 million won in support money on Feb. 23. But the payments have nothing whatsoever to do with parliamentary nomination."

Pak charged that the prosecution is making use of the matter for political purposes.

Pak has been asked to present himself before the prosecution in connection with the allegation.

ROK: Prosecution Questions NCNP Lawmaker Pak; Pak Denies Charges

SK0304042596 Seoul YONHAP in English
0214 GMT 3 Apr 96

[FBIS Transcribed Text] Kwangju, April 3 (YONHAP) — The Kwangju district public prosecutor's office

released Rep. Pak Tae-yong of the National Congress for New Politics Wednesday morning after questioning him on the allegation that he virtually bought his party's nomination for the general elections.

Prosecutors plan to summon him again next Tuesday after examining bank accounts owned by him and his family in an effort to secure evidence supporting charges to be levelled against him and will then decide whether or not to indict him for political fund law violations.

Rep. Pak, while answering questions during the 13-hour-long interrogation, flatly denied the allegation that he gave about 400 million won to the leadership of his party between last September and February 26 this year in exchange for his nomination as an NCNP candidate in the April 11 elections, a prosecution official said.

The official quoted Rep. Pak as saying that the 200 million won he gave to the party in late January and February, including 50 million won payed to Rep. Kwon No-kap at his home on Jan. 30, was not money exchanged for a nomination but was instead just a "special party membership fee."

Rep. Pak denied the allegation that he gave 100 million won to the party when it was founded in September and another 100 million to the Peace Foundation for the Asia-Pacific Region in November. He also denied the allegation that he presented a car to Rep. Kwon No-kap to win his favor in his race for party nomination.

But a prosecution official said that the money Rep. Pak admitted to have donated to the party could not be regarded as a genuine "special party membership fee" considering that the contribution was made around the time that the party leadership was about to select general election candidates.

ROK: Democratic Party Demands Reinvestigation of Chang Hak-no

SK3103115796 Seoul YONHAP in English
0817 GMT 31 Mar 96

[FBIS Transcribed Text] Seoul, March 31 (YONHAP) — The opposition Democratic Party on Sunday demanded the re-investigation of former presidential aide Chang Hak-no charged with receiving billions of won from businessmen and public officials.

"We believe the prosecution announced the outcome of its probe into the Chang Hak-no case Saturday as orchestrated at a meeting of relevant government officials," Kim Hong-sin, spokesman for the DP election campaign headquarters, said.

Kim charged that the prosecution, accustomed to handling political incidents in a way that caters to the taste

of those in power in the past military regimes, displayed its propensity again this time.

He complained that the prosecution had scaled down, or covered up a substantial part of the large bribes received by a former close associate of the president.

"We demand that President Kim Yong-sam make it clear if the money concealed by Chang were a leftover from his 1992 presidential election fund or any cash holding for use after his retirement," the DP spokesman said.

The prosecution said Saturday it found Chang had received a total of 2,760 billion won from businessmen and public officials, but has booked him on charges of taking only 622 million won in bribes while dismissing the receipt of the remainder which it said was "rice cake money" or gratuitous gifts.

ROK: Yi Hoe-chang: Need for Further Probe Into Chang Scandal

SK0104071596 Seoul YONHAP in English
0635 GMT 1 Apr 96

[FBIS Transcribed Text] Seoul, April 1 (YONHAP) — A top ruling party leader suggested Monday the need for a supplementary probe into the scandal involving a former aide to President Kim Yong-sam, Chang Hak-no.

Yi Hoe-chang, chief New Korea Party election manager, told the press at the party headquarters, "A thorough explanation is needed to dissipate lingering popular doubt about Chang's indictment, including one about impartiality... Should there be something missing, I think a supplementary probe will have to be conducted."

Chang was indicted over the weekend on charges of accepting 622 million won in bribes from businessmen since early 1993.

His indictment, however, gave rise to criticism from the opposition that it was biased and partial.

ROK: NCNP To Reveal More Irregularities of Presidential Staff

SK0304042496 (Internet) The Digital Choson Ilbo
WWW in English 1237 GMT 2 Apr 96

[FBIS Transcribed Text] The National Congress for New Politics [NCNP] declared Tuesday that it intends to make public additional documentary evidence of further wrongdoing on the part of former close presidential aide Chang Hak-no.

It is known that the party has discovered three additional irregularities, one on the part of Chang and two that relate to other high-ranking Blue House staff. An

official of the party said that it has secured proof that the three aides have been involved in two additional irregular incidents. It is believed that the aides were each involved in dealings with businessmen whereby they were to secure special favours from relevant government ministries for these businessmen.

ROK Home Minister on 'Regret' About NCNP's Allegation

*SK0304111196 Seoul YONHAP in English
0808 GMT 3 Apr 96*

[FBIS Transcribed Text] Seoul, April 3 (YONHAP) — Home Minister Kim U-sok has expressed regret about an assertion made by the opposition National Congress for New Politics (NCNP) that he was involved in the allegedly illegal condominium building permit.

In a meeting with reporters, Kim said that although the NCNP made it clear that he had nothing to do with the controversial building permit in a press conference Wednesday, it is regrettable that innuendos unleashed by the opposition party suggest that he was involved in the case.

The NCNP's actions not only defamed him as the cabinet minister in charge of the coming general elections but also debased the government itself, he remarked.

He said he had no plans to take any immediate action against the major opposition party, adding, however, that he would watch the NCNP's election campaign very closely in the days to come.

ROK: NCNP Raises Suspicion About Building Permits

*SK0304104796 Seoul YONHAP in English
0654 GMT 3 Apr 96*

[FBIS Transcribed Text] Seoul, April 3 (YONHAP) — The opposition National Congress for New Politics (NCNP) on Wednesday asserted that the Kyonggi Province government had unlawfully issued a construction permit in March 1995 after being pressured by President Kim Yong-sam's former aide, Chang Hak-no, and demanded that the prosecutors office look into the matter.

Rep. Yi Hoe-chang, NCNP campaign planning director, told a press conference that Chang received bribes from Hyosan Construction Co. about the same time 23rd Century Industries, a Hyosun subsidiary, was issued a permit to build condominiums in Namyangju city, Kyonggi Province, in 1995.

The permit has been deemed illegal and the Board of Audit and Inspection (BAI) waived inspections without

any clear explanation of how the permit was issued, Yi claimed.

He said the BAI should clarify why no inspection was made and whether or not irregularities occurred in the course of issuing the permit.

Chang was indicted late last month on charges of taking bribes from Hyosan and other businesses while serving President Kim.

The BAI responded by confirming the condominium building permit in question during its general inspection of government agencies last April and May, and concluded that no irregularities were found in the way the Kyonggi Province government issued the permit.

Nobody pressed the BAI to waive the inspection and the BAI did not waive the inspection: The BAI just concluded the inspection, the highest government inspection agency stressed.

In November 1994, Namyangju city refused to issue 23rd Century Industries a building permit for a multi-unit housing complex on a 99,000 square meter site, saying the project was subject to the approval of the capital area city planning deliberation committee.

After reviewing 23rd Century's appeal of Namyangju's decision in 1995, Kyonggi Province concluded that the project was not subject to the above-mentioned committee's approval because the proposed project was less than 100,000 square meter, and issued the building permit requested by 23rd Century Industries, according to the BAI.

ROK: Fourth Session of Chon, No Trial Reported

*SK0104132996 Seoul YONHAP in English
1248 GMT 1 Apr 96*

[FBIS Transcribed Text] Seoul, April 1 (YONHAP) — The prosecution tried to prove the Dec. 12 and May 18 incidents were parts of a conspiracy of Maj. Gen. Chon Tu-hwan and his colleagues to seize power at the 4th session of the trial of former Presidents Chon and 15 others on rebellion charges at the Seoul District Court Monday.

Six of the 16 defendants were questioned by the prosecution. They were No Tae-u, Yu Hak-song, Cha Kyu-hon, Ho Hwa-pyong, Ho Sam-su and Yi Hak-pong.

Regarding the forced merger of press medias in 1980, No Tae-u said he was not aware of the merger plan beforehand.

He said however that he had the staffs of his Defense Security Command review press merger after obtaining

an intelligence report that some other office was working on the merger of press medias.

"In early October 1980, Kwon Chung-tal of my command worked out a plan for sound development of the press, which I reported to Chongwadae [presidential offices]," he said.

No went on to say that acting on instructions from President Chon Tu-hwan, his security command had the owners of affected medias sign memoranda to renounce the ownership of their medias.

Cha Kyu-hon said that after the Dec. 12 incident, he and his colleagues met about once a month at Defense Security Command Chon Tu-hwan's office to review the then political situation.

Cha also said in August 1980 shortly before President Choe Kyu-ha stepped down, he saw a placard reading "Commander Chon Tu-hwan for the president" that was hung on a wall of the residence of the chief of naval operations where a meeting took place.

He confided that new military leaders conspired in advance to make Chon Tu-hwan the president by disclosing that a major commanders meeting held on Aug. 21, 1980 resolved to select Gen. Chon Tu-hwan as the president.

Ho Hwa-pyong and two other former staffs of the Defense Security Command contended that there was no scenario whatsoever to seize power.

"We had a plan to settle the then political tension under the martial law, but there was no plan to usurp power," Ho said.

Defendants Chon Tu-hwan and Hwang Yong-si are set to be questioned at the next trial session slated for April 22.

ROK Daily on Kim Tae-chung Campaign in Cholla Provinces

SK3103004696 Seoul THE KOREA HERALD
in English 31 Mar 96 p 2

[Report by staff reporter Nam In-su]

[FBIS Transcribed Text] Yosu, South Cholla Province — Top opposition leader Kim Tae-chung yesterday appealed to voters in this southern port city to vote for his party in the April 11 general elections.

Given a chance, Kim said, his main opposition National Congress for New Politics will do a better job than the ruling New Korea Party.

"I'm not asking you to vote for our party just because I am from this part of the nation. If you believe our party

best represents your interests, then vote for us," Kim told a rally.

About 2,000 people braved the chilly wind to attend the rally held near a port terminal that overlooks the South Sea. Some supporters chanted, "Kim Tae-chung! Kim Tae-chung!" as the opposition leader mounted the podium to give a speech.

Kim, leader of the main opposition National Congress for New Politics (NCNP), said that the coming elections will prove to be an occasion to pass judgment on the three-year rule by President Kim Yong-sam.

"The Kim administration has created a crisis in governing the nation. If you think President Kim mismanaged the nation, vote for our party. We are ready to do it better," Kim told the people, who responded with an outburst of applause.

He repeated his party's call for a third or some 100 parliamentary seats, which he said are necessary to block efforts by the ruling camp to rewrite the Constitution to prolong President Kim's stay in power.

If his ruling New Korea Party loses the April elections, it will push for a revision of the Constitution in alliance with minor opposition groups, the NCNP leader claimed.

The opposition leader also pledged that if his party wins the elections, he will call President Kim to the National Assembly to shed light on his dubious campaign funds for the 1992 presidential race.

He alleged that President Kim's campaign was partly financed by the illegal slush fund raised by his predecessor No Tae-u.

In addition to Yosu, Kim Tae-chung also toured nine other cities in the Cholla provinces, the political stronghold of the NCNP in order to consolidate voter support there.

In an outdoor rally in Kwanyang, a guest speaker asked voters to vote for NCNP candidates, which she said will help party leader Kim Tae-chung get elected to the National Assembly on his party's proportional ticket.

Kim's visit to his home grounds followed a bribery scandal involving one of his party lawmakers, which apparently damaged voter support for his party candidates.

In February, the prosecution said that Rep. Sin Sun-pom admitted to receiving money from a shipping company in connection with an oil spill last July.

The bribery scandal deprived the lawmaker of his renomination bid for the April race in Yochon, South Cholla Province, a fishing town affected by the oil spill.

Kim Tae-chung plans to make his second visit to his home districts during the weekend to help his party candidates sweep the 37 seats at stake in the Cholla provinces.

His campaigning hinted at his preparation for the presidential election next year, which may be more important to him.

"Let's send Kim Tae-chung to the presidential house of Chongwadae [presidential offices]," read a banner hung over the platform at the rally held in Suncheon.

The main opposition party leader has hinted that if his party performs well in the April general elections, he will try his fourth bid for the presidency next year.

ROK: NCNP Said Giving Political Information to U.S. Embassy

*SK0304111596 Seoul YONHAP in English
1027 GMT 3 Apr 96*

[FBIS Transcribed Text] Seoul, April 3 (YONHAP) — The ruling New Korea Party [NKP] on Wednesday charged the opposition National Congress for New Politics (NCNP) with supplying information on general elections and other politics-related events to the American Embassy in Korea.

"We have learned that NCNP has given to the U.S. Embassy information and its position on various political developments voluntarily since last February," Kim Chol, spokesman for the NKP election campaign headquarters, said.

"We, who are engaged in politics as they are, are very much ashamed before the people," he said, adding that in some instances NCNP officials personally visited the embassy to give such explanation.

He said it is not proper and against national sentiments for the opposition party of an independent country to call on the embassy of a friendly nation to explain about domestic political affairs which are "talks between us."

"Our party believes NCNP's behavior is hardly different from the conducts of the flunkyistic officials of the last years of the Choson Kingdom who were eager to have contacts with embassy staffs of world powers to rely on alien forces," Kim said.

He went on to say that the behavior of the NCNP which he said has been exceptionally crying for self-reliance in external issues, well points to its double-facedness and represents an act belying the people's strengthened sense of national self-reliance prompted by the lately surging national standing.

ROK: NKP Adviser Yi Hong-ku Holds News Conference 2 Apr

*SK0304060796 Seoul THE KOREA HERALD
in English 3 Apr 96 p 2*

[FBIS Transcribed Text] The ruling New Korea Party (NKP) will not attempt to merge with one or two opposition parties even if it fails to win a majority of parliamentary seats in the up-coming elections, a top ruling party leader said yesterday.

Yi Hong-ku, advisor to the party on its election campaign, said his party will instead try to recruit independent lawmakers if it needs additional forces to put the National Assembly under its control.

But the party is confident of winning a majority in the April 11 elections, said Yi, a former prime minister, who recently joined the party to support its candidates in their campaigns.

Yi's remarks contradicted those of Pak Chan-chong, who heads the party's campaign team in Seoul and its vicinities. Pak suggested earlier that reform-minded political forces should team up with the ruling party.

In a news conference with foreign journalists, Yi said he does not expect the gap between two major factions in the party to widen after the elections, adding that they share common ground of supporting President Kim Yong-sam's reform policy.

A corruption scandal involving one of President Kim's personal aides will not make a noticeable dent on the outcome of the elections, he said.

Despite the scandal, he said, an overwhelming number of voters will support President Kim and his party in the elections for his anticorruption campaign.

Yi also referred to relations between South and North Korea, which do not draw much attention from political parties, their candidates and voters at the moment.

The South Korean government does not want to see North Korea collapse, he said, adding that it wishes to promote gradual unification with the North.

Yi, who once served as minister of national unification, said South and North Korea need to engineer a strategy that will provide for a stable unification.

The South Korean government will pursue a consistent North Korea policy, he said, adding that a strong opposition would not block such a policy.

ROK: Kim Tae-chung's Son Criticized for Using Father's Influence

SK0204064296 Seoul THE KOREA TIMES in English 2 Apr 96 p 2

[FBIS Transcribed Text] Kim Hong-il, son of opposition leader Kim Tae-chung, was harshly accused by political opponents of using his father's influence to attempt to win a National Assembly seat in his father's homebase of Chollanam-to.

Kim is running in the Mokpo-Sinan B District, Chollanam-to, as a candidate of the main opposition National Congress for New Politics in the upcoming April 11 general elections. The National Congress for New Politics is led by Kim Tae-chung.

At a joint speech rally held at an elementary school in Mokpo last Saturday, Kim's opponents criticized his bid for an Assembly seat as a "father-son transmission of regional power."

Independent So Yong-sok told the audience that Kim Tae-chung, his relatives and his associates have monopolized the area for the past three decades, which is why the port city has remained underdeveloped.

Kim Tae-chung, previously elected several times from the district, was born in an island near Mokpo and maintains strong popularity there as well as in the surrounding Cholla-to area.

"Kim Hong-il, who is not even qualified to be a candidate, dares to try to become a legislator by riding on his father's reputation," So said.

Pae Chong-tok, ruling New Korea Party candidate, also attacked Kim, saying, "Kim left Mokpo when he was eight and now he is trying to act as if he is a city resident. He is just trying to become a hereditary power."

Son Mu-il, member of the minor opposition Democratic Party, urged Kim Tae-chung to come clean on the real amount that he received from ex-president No Tae-u. Allegations have recently been made that Kim received much more than the publicly confessed 2 billion won.

Another independent, Yi Sang-yol appealed to voters to support him "in order to restore the self-respect of Mokpo citizens who have suffered for over three decades because of their uniform support for Kim Tae-chung and his party."

Defending his position, Kim Hong-il said, "I decided to run for the upcoming polls to return the love that Mokpo citizens gave to my father, which has helped him become a world-renowned politician."

ROK: Government To Liberalize, Modernize Foreign Trade Act

SK0304054296 Seoul THE KOREA HERALD in English 3 Apr 96 p 8

[FBIS Transcribed Text] In a bid to renovate the nation's outdated trade rules and systems, the government will rewrite its Foreign Trade Act this year, a top economic official said.

"The current trade law has been designed to effectively manage external transactions and is not suited for encouraging the businesses' globalization efforts," said Minister of Trade, Industry and Energy Pak Chae-yun yesterday.

Under the revised system, the ministry will abolish the mandatory licensing and reporting system for traders and liberalize all foreign transactions in principle, except for some cases that need special approvals, by switching to the "negative (approval) system" in trade administration, Minister Pak said.

At the second meeting of an advisory committee on trade policy, Pak said the ministry will limit the cases requiring special approvals to areas related with national defense and environment as well as some exceptionally large transactions.

It also will include a provision that enables the ministry to request the decision on the place of origin for specific export and import products and to appeal against such decisions.

To enhance the safeguard of the domestic industry from damages incurred by imports, the revised trade act will authorize the Korean Trade Commission to conduct dumping investigations and make anti-dumping recommendations.

Minister Pak also said that the government will step up its activities in the World Trade Organization to defend national interests, while actively participating in rule-making concerning antidumping and place of origin.

The government will maintain close ties with member countries of the Asia-Europe Meeting (ASEM) so that it can play a central role in the forum and make it the basic framework for cooperation between the two continents, Pak said.

ROK Ministry To Clamp Down on Trade Practices, Reform Law

SK0304054396 (Internet) The Chungang Ilbo WWW in English 3 Apr 96

[FBIS Transcribed Text] The Ministry of Commerce and Industry [Ministry of Trade, Industry and Energy]

decided to take sanctions against importers who engage in unfair trade practices such as deliberately damaging or altering the marks of origin on imported products.

Along with such measures, the Ministry plans to reform the current overseas trade law. The law had been originally enacted for the purpose of 'managing' Korea's overseas trade. The revised and amended laws will better reflect Korea's position on commerce policies in the rapidly changing trading environment of the 1990s. The amended laws will resemble the United States' Trade Acts.

**WTO Report: ROK Ranked 12th in 1995
International Trade**

*SK0204062996 Seoul THE KOREA HERALD
in English 2 Apr 96 p 12*

[FBIS Transcribed Text] Korea was officially ranked as 12th trading nation in the World Trade Organization's report on 1995 global trade statistics and trends, officials said yesterday.

The WTO report estimated Korea's total trade volume at \$260.3 billion — \$125.2 billion in exports and \$135.1 billion in imports — accounting for 2.5 percent of the global trade. Seoul also rose to 12th place in the world trade rank, bumping Singapore, said the Ministry of Trade, Industry and Energy.

Out of the 20 largest trading nations, 11 countries saw either their exports or imports soar by 25 percent or more, it said. Korea was also one of the five countries whose exports and imports climbed more than 25 percent.

The world trade volume, after registering a 9.5-percent gain upon the WTO's inauguration in 1994, rose 8 percent last year to reach a total of \$4.875 trillion, it said.

By region, Asia's newly industrializing economies, which also comprise Hong Kong, Malaysia, Singapore, China, Taiwan and Thailand, marked the highest rise of 14.5 percent in exports and 15 percent in imports. Latin America's exports and Japan's imports also jumped 11.5 percent, respectively.

The global trade police also estimated that trade in 1996 would grow at a 7 percent rate, slower than in 1995, it said.

ROK: MOTIE Minister on ROK's Trade Policy

SK3003091196 Seoul THE KOREA TIMES (Special Report) in English 30 Mar 96 pp 2-3

["Paper" delivered "recently" by Dr. Pak Chae-yun, minister of trade, industry and energy, to the foreign

diplomatic corps in Korea: "Korea's Trade Policy Opens New Era: Harmonizing Competition and Cooperation"; date, place not given]

[FBIS Transcribed Text]

1. "New Economy" and "Segyehwa"

Since taking office in February 1993, the Kim Yong-sam administration has been carrying out a series of economic reforms known collectively as the "New Economy" policy. The aim of this policy is to create a new mechanism for economic development based on deregulation and open markets.

In Korea's early stages of economic development, the process was closely directed and managed by the government within a broadly capitalistic framework. The state played a pivotal role in allocating resources for economic development, directing resources to favored sectors, and preventing such resources from being channeled into other sectors.

This strategy became increasingly dysfunctional as the economy expanded, the economic structure became more complex, and the political culture was democratized. Efforts to liberalize the economy date back to the late 1970s, but were often undermined by the authoritarian political situation until the late 1980s.

Unfortunately, political democratization in the late 1980s had a negative impact on economic growth. Relaxing dictatorial control led to an explosion of pent-up demands for higher wages — often far in excess of productivity growth — and also over-consumption and labor disputes. Workers and other interest groups became engaged in what has been described as an "orgy of group selfishness."

The basic goal of the "New Economy" Plan is to replace government direction and control with the voluntary participation and creativity of all economic players as the driving force behind economic activity. For this, two conditions should be fulfilled: First, the deregulation of the economic activity of every economic player; second, the forging of a more equitable relationship between economic participation and reward.

These conditions are to be fulfilled through fundamental reforms in the fiscal, financial, and administrative spheres. Fiscal reform is aimed at strengthening the "built-in stabilizer" effect of the national budget and at creating a more equitable national tax system. In government budget, the overall ratio of fixed expenditures, such as wages, has been reduced. In addition, special budgets have been integrated, a new public management fund was introduced, and several government-owned enterprises have been privatized. As for the overhaul of the

national tax system, this includes a lowering of overall tax rates, a systematic crackdown on instances of taxpayer fraud, and a reduction of tax credits for the wealthy.

The government's financial reforms seek to enhance the competitiveness and efficiency of Korea's financial institutions through greater autonomy and liberalization. Key measures in this area thus far include the enforcement of "real-name" financial transactions, steady decontrol of interest rates, an end to government interference in top personnel decisions of banks, reduced policy loans, and gradual opening of the domestic financial sector.

Administrative reform in economic areas has focused on improving government services by eliminating unnecessary regulations and streamlining those that remain. To spearhead this reform, the Korean government enacted the "Special Law on the Deregulation of Business Activities" and the "Basic Law on Administrative Regulations and Public Complaints." New emphasis is also being placed on switching from direct to indirect regulations, and from pre-approval to performance-oriented regulations.

The administration's reform program entered a new phase when President Kim issued his so-called "Sydney Declaration," which calls for "Segyehwa" — or globalization — of all major sectors of Korean society, including politics, economy, culture, the arts and education. The intent is not to copy foreign models, but to raise Korea's standards in all these areas to the level of the most advanced nations. "Segyehwa," thus, is a broader and longer-term project than the "New Economy." The latter will be carried out during President Kim's five-year term of office, while "Segyehwa" is expected to cover many more years — probably until 2010.

2. Changes in the Trade Policy Environment

In the last decade of the 20th century, the world trading system is experiencing changes as profound and important as those that took place when the GATT was created in the late 1940s. Three, in particular, stand out: formation of the new WTO system, the rising trend toward economic regionalism, and the emergence of new multilateral trade issues.

A. Launch of WTO System

The single most important of these changes has been the birth of the World Trade Organization. Compared with the GATT, the WTO has greater authority and a wider scope in which to exercise it. The critical difference is that the WTO will have a clear statutory basis in international law, which the GATT lacked.

Even more significant are changes in procedure and mandate. Due to its unified dispute settlement system, the WTO will be an effective "policeman" of world trade. In addition, agriculture, services, investment, and intellectual property rights have all been brought into the GATT system for the first time, while textiles are being reintegrated. In the "rule-making area," new agreements on antidumping, subsidies, and safeguards will greatly improve the global business environment.

Tariff-cutting had been the central feature of the seven previous GATT rounds. Commitments to reduce tariffs also represent a major achievement of the Uruguay Round. In particular, after full implementation, some 43 percent of industrial imports will be duty-free in the developed countries, compared with about 20 percent now.

Many observers believe that the WTO will help to restore a global free trade system which has been slowly eroded since the late 1970s. When China, Russia, and some 20 or so other countries eventually join the WTO, the organization will become the first truly universal world trade body in history.

B. Expansion of Regionalism

Although the birth of the WTO is likely to bolster multilateralism, regionalism continues unabated. Beginning with the EC (now the EU), regional trade groupings have proliferated. The economic impact of such groupings is often evaluated in terms of trade creation and diversion effects, but there are growing indications that certain types of regional grouping can lead to wider forms of multilateralism. In other words, certain forms of regionalism may actually strengthen, rather than weaken, the global trading system as a whole.

Regionalism may generate trade frictions between members and non-members. At the same time, some trade issues can be dealt with more effectively in a regional, as opposed to a global, context. Solutions developed regionally can often be applied globally.

In this sense, regionalism and multilateralism can complement each other, assuming that the various regional groupings do not become too inward-looking.

C. Emergence of New Trade-Related Issues

The so-called "new trade-related issues" constitute another important feature of the new world trade environment. The issue of trade and the environment was officially recognized as a key agenda item for future multilateral negotiations. Other prominent "new trade-related issues" are those concerning labor standards, competition policy, regionalism, and investment.

These have, in fact, been discussed for many years in international bodies such as the OECD, but were not included on the agenda of the Uruguay Round. They are, however, likely to be officially discussed in future WTO-sponsored negotiations.

Opinions differ sharply on all of these issues, particularly so on trade and the environment and labor standards. Many developing countries are concerned that these issues could be used by the developed countries for protectionist ends.

If international standards are to be formulated in these areas, they must take into account the socio-political situation of developing countries. Failure to do so may threaten the worldwide consensus on free trade, thus generating new trade frictions. WTO members should seek a better intellectual understanding of these matters before deciding whether to deal with them as trade issues.

3. New Philosophy of Trade Policy

Economic relations between nations and between individual companies are increasingly determined by the interplay of competition and cooperation. As the American economist Lester Thurow has argued:

In the intense competitive atmosphere that will exist in the twenty-first century, all of the participants should remind themselves daily that they play in a competitive-cooperative game, not just a competitive game. Everyone wants to win, but cooperation is also necessary if the game is to be played at all.

To maintain the well-being and stability of the world trading system, these two elements — competition and cooperation — must be kept in balance.

Historically, Korea's trade policy has leaned more toward competition. In the 1960s and 1970s, the Korean government pursued a single-minded policy of export promotion, while limiting the access of many types of foreign consumer goods to the domestic market. In seeking to protect favored industries from foreign competition, the government sometimes took actions that were questionable by international standards. As Korea was a poor developing country in those days, its trading partners were willing to make allowances for this policy.

But as Korea's economic success became increasingly evident and Cold War tensions faded, the government came to accept that Korea would have to assume new obligations in the global economy commensurate with its growing economic weight. The Kim administration firmly believes that the time has come for Korea to

carry out a vigorous, pro-active trade policy befitting a successful middle-income country.

Thus, Korea's trade policy, which is being implemented according to the blueprint provided by the Five-Year Plan for the "New Economy," seeks to harmonize competition and cooperation. The new emphasis is on trade expansion, not just export promotion, and on developing industrial cooperation rather than seeking one-way technology transfers. In asserting its legitimate rights under the WTO system, Korea is prepared to fully assume the corresponding duties.

This philosophy has guided the Kim administration's open-door and deregulatory policies during its almost three years in office, and has inspired a far-reaching action plan for opening Korea's markets. In addition to merchandise trade liberalization, the plan includes a wide array of liberalization measures covering foreign direct investment, trade in services, and protection of intellectual property rights. Large parts of Korea's administrative and legal systems affecting foreign trade and investment are being radically revised to bring them into conformity with multilateral rules, especially the WTO agreement.

At the same time, external trade policy is being re-oriented away from simply opening up foreign markets and toward developing more effective channels of cooperation at the bilateral, regional, and multilateral levels. In the future, the Korean government hopes to use these channels mainly for exploring new areas of mutual opportunity and only secondarily for resolving trade conflicts.

On Oct. 28 last year, Korea crossed the historic 100 billion dollar mark in total exports, making it the world's 12th largest trading nation. This achievement testifies to the continuing dynamism of the Korean economy, while also providing further impetus to develop appropriate trade-related strategies and policies for a new global era.

4. Fundamental Objectives of Trade Policy

In keeping with the philosophy outlined above, the Korean government will pursue four basic trade policy objectives.

A. Promoting Balanced Trade Expansion

First, Korea will continue to support export growth, but within the context of balanced trade expansion. The government will take greater account of not only the concerns and interests of Korea's trading partners, but also consumer welfare and the necessity to strengthen domestic industrial competitiveness.

Export promotion policies will emphasize both quantitative growth and qualitative improvement in the export structure. Trade-related administrative procedures will be streamlined, and private companies will be given greater freedom in trade activities. Direct support for export promotion will largely be replaced with indirect measures allowed under current international trade rules, notably the WTO provisions.

On the import side, market-opening will continue and even accelerate. In the past, the effect of import liberalization and tariff reduction was often negated by administrative measures limiting imports. This led trading partners to complain that Korea's import regulations lacked transparency. The current government has pledged to end this practice.

Apart from the formal lifting of import barriers, the government is also tackling less formal, often invisible impediments to trade and investment. Hence, the focus of our market opening policy has shifted to providing "effective market access" from port of entry to point of purchase. Its range of application goes far beyond simple import liberalization and includes such areas as retailing and distribution, land use, taxation, advertising, and even consumer attitudes.

B. Strengthening Industrial Cooperation

Second, Korea will promote not only trade in commodities and services, but also trade in technologies and inbound and outbound direct investment. For a modern economy in the 1990s, the full potential of merchandise trade can only be realized in the context of industrial and technology cooperation.

Industrial cooperation is a much more complex area than simple merchandise trade. It requires closer and more sustained interactions between the partners involved. But industrial cooperation is closely linked to trade and can provide a basis for long-term trade expansion. Korea's foreign investment volume — both inbound and outbound — remains modest compared with its trade volume. Accordingly, in pursuing industrial cooperation, the government recognizes the need to attract more foreign direct investment into Korea by improving the investment climate. For Korea, the major benefit of industrial cooperation is the acquisition of technology which results. From the foreign partner's perspective, the main attractions are Korea's strong manufacturing base, cost-effective labor force, rapidly growing domestic market, and close proximity to other regional markets.

The Kim administration has implemented new policies to encourage inward foreign direct investment, espe-

cially in high-technology fields. These measures can be divided into two broad categories:

The first is the deregulation of foreign investment. When the Korean government changed the foreign investment approval regime from a positive-list to a negative-list system in 1984, there were some 214 business lines in which foreign investment was restricted. At present, after implementation of Korea's liberalization schedule, that number has been reduced to 107. Further planned liberalization will cut the number of restricted business lines to only 32 by the year 2000. A separate, but equally ambitious schedule has been prepared for the financial sector.

The second category is improved conditions under which foreign firms operate. Foreign-invested firms are being given greater access to domestic and offshore capital, various tax benefits, and more freedom to acquire land and build factories. Foreign firms in high-tech areas are now able to borrow from abroad on a long-term basis. Foreign firms will also be able to lease manufacturing facilities on very reasonable terms at two high-tech industrial parks reserved exclusively for them.

Another major concern of foreign investors is the level of intellectual property rights protection. Here, too, substantial progress has been made. In the past few years, new legislation has closed most of the loopholes in Korea's IPR code, and the protection for high-tech products, in particular, is now comparable to that of many developed countries.

The government will monitor the effectiveness of these measures through regular meetings with foreign diplomats, businessmen, and representatives of foreign trade and business organizations. Feedback from these discussions will identify where foreign firms are facing difficulties and what needs to be done to help resolve those problems.

C. Enhancing Participation in Multi-lateral System

Korea's third policy objective is to enhance its contribution to strengthening the multilateral system. In the past, the government was rather passive in such multilateral initiatives due to political sensitivity and/or economic difficulties involving trade liberalization. Korea must now assume a role in multilateral forums commensurate with its growing economic status.

Given Korea's development experience and intermediate economic status, it can play an effective role in bridging the conflicting interests of developed and developing countries. Korea did this with some success during the UR [Uruguay Round of GATT] negotiations. In other ways as well, Korea intends to take a more active part in multilateral trade and economic affairs, and

demonstrate its support for the WTO-based world trading system.

To do this, Korea must first incorporate the WTO Agreements into domestic laws. Last year, the National Assembly saw the passage of 33 new laws and amendments which bring Korea into compliance with WTO rules.

The Korean government is now engaged in multilateral negotiations on unified rules of origin, anti-circumvention, and rules governing the service sector including shipping, financial services, telecommunications, and movement of natural persons. Korea also looks forward to participating in negotiations on the aforementioned "new trade-related issues" in the WTO and, after obtaining full membership, in the OECD as well.

Korea hopes to become an OECD member by the end of 1996. A formal application was submitted last March, and the government is currently engaged in the entry consultation process. OECD membership will assist the globalization of the Korean economy in a variety of ways. It will allow Korea to exert more influence on discussing multilateral issues, help domestic industries compete more effectively, and assist in upgrading domestic rules, practices, and attitudes to meet the highest international standards.

At the regional level, Korea is a founding member and active participant in APEC. It should be emphasized that APEC — the only regional grouping of which Korea is a member — is not a preferential trading bloc. On the contrary, it maintains a firm commitment to its founding principle of "open regionalism."

Nevertheless, APEC is moving away from a loose consultative body toward a more cohesive, action-oriented organization. A major step in this direction was taken at the Bogor Summit of APEC leaders in 1994. The leaders of the APEC member economies, including Korea, agreed on a timetable for trade and investment liberalization within the region.

On Nov. 19 last year, APEC leaders, meeting in Osaka, reached another important milestone by agreeing on an Action Agenda to achieve the goal of free and open trade and investment in the Asia-Pacific region no later than the year 2020, as was announced in Bogor.

At the Osaka summit, Korea was instrumental in negotiating a compromise between the differing interests of the APEC member economies. As a result, the agreed Action Agenda incorporates the principle of comprehensiveness, while allowing individual member economies a degree of flexibility in the entire APEC liberalization and facilitation process.

D. Increasing Development Assistance

The fourth and last of Korea's major trade policy objectives is to increase development assistance to less developed countries. Korea is one of the best examples of a poor, underdeveloped country that has achieved economic takeoff through trade-driven industrialization. There are many reasons for this success, but it would not have been possible without development assistance from, and market access to, developed countries.

Korea feels an obligation to help less developed countries in the same way. At present, Korea offers a preferential tariff to selected countries on a limited range of products pursuant to the Bangkok Agreement and the General System of Tariff Preference. The replacement of this with a GSP-type scheme, similar to that of developed countries, is being considered for adoption over the longer term.

For several years, the Korean government has provided overseas development assistance through the "Economic Development Cooperation Fund." After Korea's entry into the OECD, the government plans to introduce a more advanced and comprehensive program of overseas development assistance.

5. Conclusion

The world economy, including Korea, has experienced tremendous changes in the past thirty years. Korea, which was one of the Least Developed Countries in the 1960s, has now emerged as a successful middle-income industrial nation, ranking 12th in the world in overall trade volume.

During the same period, trade has come to assume an ever more important place in the world economy. Export markets have become much less segmented as "niche" competition is rapidly being replaced by "head-to-head" competition. The end of the Cold War has created a truly global economy in which there are no longer any serious ideological division. But even as the world economy is becoming more unified, rivalry between regional economic groupings is intensifying.

It is hoped that the new, more powerful world trade body — the WTO — will be able to enforce an equitable "rule of law" in the often chaotic conditions of competitive world trade. Eventually, as consensus emerges on the so-called "new trade-related issues," the WTO will doubtless be called upon to extend its authority over these new areas as well.

For its part, Korea seeks to meet the challenges of the post-Cold War era by adopting a strategy of "Segyehwa" in all sectors of national life. In the economic sphere,

this strategy is clearly reflected in the current administration's "New Economy" Plan. With an emphasis on deregulation, the plan aims to free the private sector from bureaucratic interference and control.

Henceforth, the national economy will be managed largely on the basis of private-sector initiative and managerial autonomy, rather than by government direction.

In its external economic relations, the fundamental principle of Korea's policies will be strict adherence to the letter and spirit of the new WTO trade rules.

Such policies will aim at maintaining an appropriate balance between the competitive and cooperative elements of economic relations. Compared with simple merchandise trade, industrial cooperation will become increasingly important to Korea's economic future.

A shift in priorities is also taking place in Korea's bilateral, regional, and global multilateral economic relations. Just a decade ago, bilateral relations almost wholly dominated Korea's trade policymaking. Multilateral matters were a marginal concern, and the regional dimension was virtually non-existent. Today, mainly as a result of the Uruguay Round, the WTO, and APEC, multilateral and regional affairs now share center stage with bilateral relations.

At all three levels, Korea will conscientiously fulfill its obligations to the world trading community and its individual trading partners. It will seek not merely to expand its exports in the competitive global marketplace, but, just as importantly, to forge long-term industrial partnerships. It will also increase its support for less developed countries and work to reconcile differences between developed and developing nations.

In pursuing these policies, Korea hopes that it can enhance its international competitiveness and help to build a better, more prosperous, and more harmonious world trading system in the 21st century.

ROK: MOTIE Reports on First Quarter's Trade Deficit

SK0104095496 Seoul YONHAP in English
0750 GMT 1 Apr 96

[FBIS Transcribed Text] Seoul, April 1 (YONHAP) — South Korea's trade deficit during the first quarter of the year amounted to 3,786 million U.S. dollars, less than expected thanks to a sluggish increase in imports, the Ministry of Trade, Industry and Energy (MOTIE) said Monday.

March's imports grew only 3.6 percent from a year earlier to 12,090 million dollars, bringing the total

for the first three months of the year to 35,616 million dollars, up 16.7 percent from the same period last year.

Last month's exports surged 17.9 percent to 11,786 million dollars for a first-quarter total of 31,830 million dollars, up 21.5 percent.

The deficit of 303 million dollars was down 1,365 million dollars from the 1,668 million dollars registered for last March.

The growth pace of the import of capital goods and raw materials, which were the chief reasons for the trade deficit last year, has been held down to within the annualized 10-percent level, ministry officials said.

On the other hand, export letters of credit that arrived during the first 20 days of March totaled 4,136 million dollars, the highest monthly figure since 4,236 million dollars was registered during all of March last year.

Imports of raw materials and capital goods during the 20-day period in March rose 9.4 percent and 14.2 percent, respectively, from the same period a year earlier.

Exports of heavy industrial products, such as ships, machinery, computer and semiconductors, soared 18.3 percent during the same period, thus leading last month's exports.

While exports to developed countries rose only 6.7 percent on a year-on-year basis, those to developing countries jumped 20.5 percent.

ROK: Scale of ROK Overseas Investment Expands SK0104022396 Seoul YONHAP in English 0157 GMT 1 Apr 96

[FBIS Transcribed Text] Seoul, April 1 (YONHAP) — The scale of South Korean overseas investments is expanding each year.

There were 81 overseas investments worth 419 million U.S. dollars approved in February, a 28.3 percent increase in the number of investments but more or less the same amount as last year, according to the Bank of Korea.

The average value of each investment abroad jumped from 1.8 million dollars in 1994 to 3.2 million dollars in 1995, and then rose to 3.6 million dollars in January and February this year.

The 57 investments in Asia including China were worth 219 million dollars in February. Although European investment had increased sharply since 1992, it plummeted to 71 million dollars in four cases, less than half

of the 163 million dollars for 11 cases registered last February.

The value of South Korean investments in North America more than tripled compared to last February with 14 cases worth 91 million dollars.

By industrial field, manufacturing led the list with 47 investments worth 141 million dollars, followed by construction with two investments worth 63 million dollars, and trading with eight investments worth 10 million dollars. Twenty-four investments were reported in other fields like mining, forestry and services worth 203 million dollars.

Investment projects executed in February, meanwhile, totaled 204 million dollars in amount in 89 cases.

A total of 247 overseas investments worth 1.33 billion dollars executed in January and February combined, more than twice as much as the 448 million dollars (233 projects) recorded in the same period last year.

ROK: Rules on Domestic Shareholder Stakes in Joint-Venture Banks

*SK0304063396 Seoul YONHAP in English
0455 GMT 3 Apr 96*

[FBIS Transcribed Text] Seoul, April 3 (YONHAP) — South Korean joint-venture bank shareholders must not have a stake that is larger than the controlling foreign shareholder's.

This provision is part of the new guidelines passed by the vice economic ministers meeting chaired by Vice Finance and Economy Minister Yi Hwan-kyun Wednesday.

Koram bank is the only joint-venture bank in the country, where the Bank of America (BOA) holds a 29.35-percent stake, the Daewoo Group a 9.59-percent stake, the Samsung Group a 5.79-percent stake and Taihan Electric Wire Co. a 4.18-percent stake.

Under the new rules which will take effect upon the approval of the State Council and President Kim Yong-sam, none of the three domestic shareholders can increase their stake beyond the BOA's if it reduces its holdings by selling some of its shares.

Under the current bank law, a corporate shareholder's stake in a commercial bank is limited to a maximum of 4 percent to prevent a business corporation from gaining control of a bank, with the exception of joint-venture banks which are unrestricted for both domestic and foreign shareholders.

The new rules are consistent with the purpose of the bank law which is to prevent a business corporation from gaining control of a bank by preventing domestic

shareholders from becoming the controlling shareholder in a joint-venture bank.

The BOA is reportedly planning to sell its shares of Koram Bank and the new rules are intended to prepare for the probable reduction in the American bank's holdings, business sources said.

ROK: MOTIE: Imports of Electric Appliances To Be Liberalized

*SK3103004396 Seoul THE KOREA TIMES in English
31 Mar 96 p 8*

[FBIS Transcribed Text] Imports of 52 kinds of electric appliances, including 8-mm movie projectors and electronic cash registers, are to be liberalized, and 31 other electric items, including slide projectors and laser disk players, will be subject to approvals after customs clearance from tomorrow, the Trade, Industry and Energy Ministry (MOTIE) reported yesterday.

Currently, traders are obliged to report plans to import the 52 items to the government to check whether they are dangerous to human beings. Imports of the other 31 items have had to be approved prior to customs clearance. This has been alleged to be an import barrier by the United States and Korea's other trading partners.

Import bans on the meat of cattle, sheep and goats from the Netherlands will also be lifted tomorrow.

But automobiles imported as surplus property of American soldiers serving here will need type approval from the government from tomorrow.

Imports of pies and cakes containing meat which is not completely pasteurized will be banned. A ministry official said, "The government will continue to reduce red tape in imports and exports and make trade procedures transparent to bring our trade system into line with international standards."

ROK: MOTIE Announces Subsidies to 311 'Strategic Capital Goods'

*SK0304071096 Seoul YONHAP in English
0556 GMT 3 Apr 96*

[FBIS Transcribed Excerpt] Seoul, April 3, (YONHAP) — [Passage omitted] The Ministry of Trade, Industry and Energy (MOTIE) announced Tuesday that it has selected 311 strategic capital goods, and is going to funnel 200 billion won (255.75 million U.S. dollars) in aid to companies interested in localizing the items. South Korean businesses requested industrial technology development assistance for 746 products and of the 311 strategic items 189 are machinery, 90 electrical and electronic and 32 materials, MOTIE explained.

Each strategic item is one that requires more than 10 million dollars in imports each year, needs improved performance or quality, and whose international competitiveness can be obtained in the short term, the ministry noted, adding that the distribution of assistance will begin in May.

If the companies are successful in developing the target items, the beneficial effects will include 12.56 billion dollars in development — 6.36 billion dollars in import substitutes and a 6.21 billion dollar increase in exports, a MOTIE official predicted. [passage omitted]

ROK: FTC Issues Book on Fair Trade Laws, Regulations in English

SK0304054096 Seoul THE KOREA TIMES in English
3 Apr 96 p 9

[FBIS Transcribed Text] The Fair Trade Commission (FTC) yesterday published "Fair Trade Laws & Regulations," a book written in English for Korean trading partners and foreign businessmen doing business here.

The book contains laws, enforcement decrees, notifications and guidelines of the nation's fair trade system. For further information, please contact FTC's international department (Tel: (02) 504-5145-6).

ROK: Ministry To Provide Trade, Investment Data on CHOLLIAN

SK0304035996 Seoul YONHAP in English
0201 GMT 3 Apr 96

[FBIS Transcribed Text] Seoul, April 3 (YONHAP) — The Foreign Ministry is going to begin putting trade and investment information collected by its missions abroad into the personal computer communication network "CHOLLIAN" April 15 to help local firms make inroads into overseas markets, Foreign Ministry spokesman So Tae-won said Wednesday.

The ministry will supply information on import, export, investment, technological developments and economic trends in foreign countries as well as recent activities of such major international economic organizations as the World Trade Organization and International Monetary Fund.

In the initial stages such information will be fed into CHOLLIAN and will later become available on HITEL and other PC communication networks.

ROK Steel Exporters Oppose U.S.-Backed Place-of-Origin Rules

SK0304054196 Seoul THE KOREA HERALD
in English 3 Apr 96 p 8

[FBIS Transcribed Text] A strict place-of-origin rule on steel products, as is now being sought by major importing countries such as Canada and the United States, may put Korean steel exporters into a difficult position if adopted, officials said yesterday.

At a recent meeting of the World Customs Organization (WCO) in Brussels, Washington and Ottawa maintained that they cannot recognize the place of origin on galvanized steel plates if they are made of imported cold-rolled plates, according to officials at the Ministry of Trade, Industry and Energy.

The two countries, the officials said, also refused to recognize painted plates based on foreign galvanized sheets as the painting job is a simple process.

"Our position was that place of origin should be acknowledged both on galvanized and painted sheets as the processes involved are highly-sophisticated ones and produce much added values," said ministry officials who attended the WCO's third meeting on place of origin rule March 11-22.

Pohang Iron and Steel Co. are now manufacturing galvanized steel plates, while Union Steel Manufacturing Co. is turning out painted plates.

As the steel products have often been antidumping targets in major markets, a toughened place of origin rule will prove to be harmful to Korea, a major steel exporter, they said.

"For instance, if Korean companies import Japanese cold-rolled coils and make painted plates out of them, any antidumping measure on the Japanese cold coils will also be automatically applied to Korea's painted plates by regarding them as being originated from Japan," an official said.

ROK-China Aircraft Manufacturing Project, Problems Viewed

SK0304061596 Seoul THE KOREA HERALD
in English 3 Apr 96 pp b1, 3

[By staff reporter Kang Yun-son]

[FBIS Transcribed Text] First came the car and then the ships. Now Korean manufacturing, in its continuing evolution, is about to take the next big leap: aircraft manufacturing.

But so far, the road faces a bump or two ahead.

Shortcomings in technological sophistication and R&D costs pose barriers. Much more than that, the industry finds itself caught in a complex web involving international diplomacy, and what critics bill as the government's wavering decisionmaking and intense rivalry among Korea's powerful conglomerates.

The current hot potato is the dithering Korea-China governmental pact to develop and produce mid-sized civilian aircraft by the year 2000.

The alliance came about with President Kim Yong-sam's 1994 state visit to China.

The presidents of the two countries struck the agreement on the premise of the Korean capability in the areas of manufacturing, financing and marketing and China's knowledge of basic technologies.

More to the point, the partnership was driven by the huge market potential of China, generated by a quickening domestic aviation demand within its vast boundaries.

The latest report by the Korea Institute for Industrial Economics & Trade (KIET) pegs China's domestic aviation growth at an annual 30 percent for the past few years.

Within Korea, aircraft body production is expected to shoot up 25 percent in value, according to a projection by the Korea Aerospace Industries Association. The group further estimates engine production to post an equally robust 20 percent jump.

Ironically enough, such promising market outlook may precisely be the reason behind the stymied negotiations between Korea and China.

Explains Yi Kon-u, director-general of the Basic Industry Bureau at the Ministry of Trade, Industry and Energy, "The bone of contention is over where to build the assembly plant."

Both sides would like to see the manufacturing facilities built in their respective countries for the obvious economic benefits.

The two sides also look forward to the challenging task of agreeing upon a third partner for technology transfers. So far, Boeing-led U.S. consortium and a European consortium have expressed interest.

In the process, the Korean side also complains China is in the habit of making unexpected moves. In February this year, for instance, China reportedly doled out a 10-percent stake of the partnership to Singapore.

The negotiators, at least on the Korean side, face a daunting task ahead, given the project's political backdrop.

They frequently point to the origin of the pact, which was signed by two strong-handed statesmen, Korea's Kim and Chinese President Jiang Zemin.

One government source declined to be named says, "It's a presidential agreement which is at stake. Should the deal fail to get off ground, diplomatic repercussions can't be ruled out."

China to Korea is a hard-to-snob partner in every sense.

Korea has a sizable trade surplus with China, which is the country's third largest trading partner. Equally significant, China is also virtually the only nation in the world with foreseeable clout over the unpredictable North Korean regime.

The next round of Korea-China aircraft project talks are forthcoming in June. And Yi at MOTIE, who has been attending the talks, admits to the delicacy of the talks.

Speaking with a note of uncertainty, he only says, "The negotiation is likely to take time."

Yi, however, says that the Korean government negotiators are definitely interested in making the deal work, despite speculations by some that the project could fizzle away at the rate it is going.

Brewing Storm

Further compounding the picture is the hegemony war brewing within the Korea private sector.

As with all other key industries in Korea, the big-three chaebols of Hyundai, Samsung and Daewoo all have stakes in the Korea-China deal.

Hence the rivalry isn't so much over business entry but who gains the upper hand in airplane manufacturing. So far, Samsung Aerospace Industries Ltd. appears to be leading the race despite its late arrival into the industry.

Samsung leads the Korea Commercial Aircraft Development Co., a 14-company consortium launched last year for the Korea-China deal. KCADC represents the Korean industrial interests at the Korea-China negotiation table, while MOTIE delegates the Korean government.

Samsung's leadership of the consortium was reportedly based on its financing capability. But this setup also feeds into resentment on the part of early arrivals into the aircraft industry, mainly Korean Air (KAL) and Daewoo Heavy Industries Ltd.

KAL, despite its status as an airline company, counts itself as the industry veteran. The company in 1991 developed Chang Gong "Blue Sky" light airplane, Korea's first fully designed and manufactured aircraft.

and is now in the process of commercializing the multipurpose aircraft.

The development came about 16 years after the company's launch of its aerospace division in 1976 for parts manufacturing for foreign makers and maintenance for its fleet of aircraft.

Says Chang Sang-yong, KAL's aerospace division advisor of the government's selection of Samsung as the consortium leader, "Let's just say whoever has the lobbying power still gets higher marks in Korea."

Jealous comment from a sore loser? Possibly. But echoed in Chang's stinging comment is what industry watchers criticize as a disturbing way of doing business in Korea.

Zig Zag Contracts

Early arrivals KAL and Daewoo both trace their beginnings to lucrative military contracts.

Korea's full aircraft production got off to a start with the government's award of F-5E fighter jets to KAL.

A few years later, Daewoo walked away as the leading company for the KFX-1 contract for developing advanced jet fighter planes. Daewoo began putting out pilot models of KFX-1 last year.

In between, Samsung, despite its late arrival on the scene, managed to up-stage both KAL and Daewoo by being awarded the F-16 project.

And now the latest speculation is that Samsung is likely to be named the leading company for the KFX-2 fighter jet project, as early as this year, although a company spokesman dismisses the project as being in a premature stage. "Nothing is definite at this stage," he says. At an estimated development cost of \$2 billion the KFX-2 project, as its name implies, entails developing the updated version of the KFX-1 now being tested by Daewoo.

The zig-zag pattern by which the government awards military contracts has begotten plenty of suspicions, such as the one being harbored by Chang at KAL.

Outside commercial stakes or politics of lobbying, Chang also laments what he terms a real loss in national interests.

He says, "Whether I'm from company A or B, I'm an engineer. And I'm quite worried about a lack of continuity from the development of one aircraft model to the next one."

What Now?

Few in the industry question the economic lure of the Korea-China pact on, generally, the potential of aircraft manufacturing.

Aviation analysts single out a jump in civilian travel in the post-Cold War era as the most powerful driving force.

"More countries are adopting open sky policies, while economic prosperity is fueling diversified travel pattern," says Chi Hyon-sok, a senior analyst with Daewoo Economic Research Institute.

He then adds, "Samsung's aggressiveness in aerospace is not without compelling reasons."

Understanding that Korea's wanna-be aircraft makers have been busy weaving a safety net to ensure that they stay in the market, even if the Korea-China pact fails to materialize. [sentence as published]

Says Yu Si-yong, vice president of the Korea Institute of Aeronautical Technology, "Even if the China deal fails, Korea would benefit tremendously from solo development of mid-sized aircraft."

KAL is vying to supply Chang Gong light planes to the Korean Air Force around the turn of the century, with the longer-range goal of commercializing the aircraft for leisure flying.

Projects KAL advisor Chang, "With the easing of political tension with North Korea, flying for leisure and commuting can only increase."

The company also touts the ambitious goal of exporting Chang Gong to advanced countries, where the demand for light aeroplanes is higher.

Daewoo too is betting on the future, having established in Russia last year a training center for securing aerospace manpower expertise. Meanwhile, Samsung keeps flirting with the possibility of buying out the troubled Dutch aircraft maker Fokker.

Then just last month, in a typical charge-ahead style of the Hyundai Business Group, Hyundai Space and Aircraft Co. caused quite a ripple by announcing a 1.2-trillion won investment plan.

The company also hit the nerve of its competitors by signing a contract with McDonnell Douglas to supply wings for 100-seat MD-95.

So whither goes the industry? If the business moves seen in the last year or two serves as indicators, "only higher and further into the sky," in the words of one market watcher.

ROK: Daewoo Joins Hyosung-Kumho Consortium for PCS License

SK0304060996 Seoul THE KOREA TIMES in English 3 Apr 96 p 8

[FBIS Transcribed Text] The Daewoo Group has joined the Hyosung-Kumho consortium, which plans to apply for the personal communication service (PCS) license in the non-telecom manufacturing division.

A Daewoo spokesman said that Daewoo has agreed to take a 5 percent stake of the consortium. Major shareholders of the existing consortium participants, as a result, are each expected to have a 10 percent stake, he said.

Daewoo has chosen the consortium in the non-manufacturing division apparently because it is hard for Daewoo to win the race with the consortium led by the LG Group and another led by Samsung and Hyundai.

As a result, LG will compete with a consortium formed by Hyundai and Samsung in the PCS license competition in the manufacturing division.

In the non-telecom manufacturing division, Hansol-Dacom, Hyosung-Kumho-Daewoo and the Korea Federation of Small Business will compete for one license.

ROK: Samsung, Hyundai Launch Consortium To Win PCS License

SK0304081296 Seoul THE KOREA TIMES in English 3 Apr 96 p 8

[FBIS Transcribed Text] Two leading business groups, Samsung and Hyundai, launched a consortium in their bid to get a personal communication service (PCS) license in a ceremony yesterday.

The two business groups agreed to set up an independent firm, tentatively named Evernet Corp., for the project and to participate in the project with 145 other small firms which signed the pact along with the two leading conglomerates.

Hyundai and Samsung will take equal stakes to the combined maximum 33 percent in the new corporation and the remainder will go to a 15-member medium-sized group and a 130-member small-sized company group evenly.

"Evernet will be capitalized at 200 billion won in July, if it is chosen as the successful consortium for the project, and will start PCS services in 1998," said Namgung Sok, president of Samsung Data Systems and representative of the Samsung Group.

By 2002, the company will have increased paid-in capital to 500 billion won, invested 1,550 billion won

and attained a turnover goal of 1,300 billion won, Namgung said.

Kim Chu-yong, president of Hyundai Electronics Industries Co., said that the chief executive and some board directors of the new telecom firm will be recruited outside the two business giants for independent and transparent management. Evernet will have as its aims the reserving of Korea's telecommunications rights, sharpening of its competitiveness and realizing of telecom welfare for the people, based on the CDMA (code division multiple access) digital system, CDMA phones and CDMA core components, advanced phones of future public land mobile telecommunications system (FPLMTS) type and satellite technology the two groups have developed and will do.

Samsung and Hyundai promised to their partners that they will jointly develop PCS systems and phones with their partners, support them to develop core components, transfer core technology, jointly undertake the FPLMTS project and advance into foreign telecom markets.

ROK: Vice Minister Denies Move To Revise Labor Laws

SK0304051296 Seoul THE KOREA TIMES in English 3 Apr 96 p 3

[By staff reporter Kim Yong-pom]

[FBIS Transcribed Text] The government is moving to revise labor laws ahead of the nation's joining the OECD (Organization for Economic Cooperation and Development) to bring them in line with international labor standards.

A leading Labor Ministry official indicated yesterday that the ministry will seek to repeal some "problematic" clauses in the second half of this year, including one banning third parties from intervening in labor disputes.

"The need to abolish such clauses is gaining ground among industries and the political circle, as they no longer carry the clout to curb labor disputes," Cho Sun-mun, director of the Labor Standards Bureau of the ministry, said.

With the nation's expected entry into the OECD, the business circle seems to have accepted the need to reform overall labor practices, said Cho, hinting at rewriting the laws in a reform-oriented way.

After the April general elections, the Kim Yong-sam administration is likely to get down to the revision of labor laws, the official expected.

The ban on third party intervention and union activities by public servants have long been denounced as "evil" elements of the law by the nation's labor circle.

The ministry's move is seen as acting on the reportedly negative views expressed by OECD countries over Korean labor policies and laws.

According to a Ministry of Finance-Economy official, some OECD member countries raised questions at an economic panel last month on labor practices here.

In particular, European members of the OECD have called on Korea to allow its government employees to form a labor union.

They also noted that the Korean government should permit the creation of more than one labor union at a single company as well as scrapping the ban on the third parties' intervention in labor disputes.

However, Vice Labor Minister Choe Sung-pu yesterday denied any initiative by the government to revise the laws, by saying that the "OECD issue has nothing to do with domestic labor affairs."

Choe will explain Korean labor policy to the OECD on Apr. 16 prior to a review by the international organization of the country's labor practices.

Along with the repealing of the problematic clauses, the government, in turn, is seeking to introduce more "flexible" labor standards better accommodating changes in the labor environment at industries.

The Labor Ministry's move to lift restrictions on union activities is seen as ultimately being aimed at establishing new labor principles, following such request by industries.

The ministry attempted last year to push a "worker dispatch system" and "flexible working hours," as well as to abolish the paid menstrual leave for women, but failed due to strong protests from unions.

The issue to introduce new labor standards, unlike the revision to the laws on the labor-management collective relationship, is likely to face a rougher path, as it affects the working conditions for all individual workers, the ministry official explained.

ROK: 'Sharp Increase' in Unemployment Predicted in Unified Korea

SK3003014196 Seoul THE KOREA HERALD
in English 30 Mar 96 p 2

[Report by staff reporter Pae Eun-chu]

[FBIS Transcribed Text] A sharp increase in unemployment would emerge as one of the most serious problems

in a unified Korea, a South Korean economist said recently.

Pak Chin, a researcher at the Korea Development Institute (KDI), a renowned government-run think tank, warned that over 2 million North Koreans might migrate to South Korea if the two Koreas are unified.

The North Korean immigrants would take away jobs from South Koreans, he said, adding that low-income laborers in the South would be hit hardest because many North Koreans emigrating to the South looking for jobs would likely be manual workers, he said.

He recommended that South Korea be prepared to offer such North Korean workers employment opportunities and job training programs and allocate them to South Korean industries suffering from labor shortages.

He also suggested that the South Korean government could assign such North Koreans to South Korean companies located in provincial areas in order to prevent a population explosion in large cities.

In order to minimize the impact that would be caused by mass migration, Pak said, South Korea should now begin to boost investment in North Korea.

Kim Su-kon, another researcher at the KDI, agreed with Pak that the South Korean government should expand investment in the North as part of its effort to reduce the chances of an unemployment crisis in the South.

He also agreed with Pak that South Korean companies investing in North Korea should provide job training for North Koreans and offer them opportunities for employment with welfare packages, reasonable wages and fringe benefits.

Studies on shifts in occupational composition in South and North Korea are crucial in preparing for reunification, he said.

Kim said that employment in the North Korean service sector has remained in the doldrums whereas the manufacturing sector has been dominant in creating jobs.

"North Korea has neglected in developing the sales and service industry," Kim said. "The shrinking tertiary industry is resulting from North Korea's centrally planned economy."

In the North, he said the tertiary sector, which includes sales and production, would grow to become a major sector after reunification.

In the South, the number of workers in professional and technical occupations has been steadily increasing.

"The demand for professional occupations, such as lawyers and accountants is expected to increase as well," he said.

Therefore, Kim said, South Korea needs to expand training programs for such occupations to meet growing demands in the North.

In a socialist country such as North Korea, the unemployment rate is meaningless because the nation prohibits its citizens from being economically inactive.

"North Koreans are forced to work," Kim said. "However, if the two Koreas were reunified, North Korean workers would be free to choose whether to work or not."

"Therefore, North Korea's labor force participation rate would drop significantly after reunification," he said.

Quoting N. Eberstadt, a German economist, Kim said that about one-third of the North Korean labor force will leave their present jobs and end up unemployed after reunification.

It would be desirable for the North Korean government to ease regulations and draw foreign investments, including those by South Korean businesses, to create jobs in the North, Kim said.

Starting in the Najin-Sonbong free trade zone, he said, North Korea could encourage those investing foreign corporations to create jobs and help North Korean workers develop job skills.

ROK: NSO Reports Figures for 1995 National Census

SK3003054896 Seoul YONHAP in English
0507 GMT 30 Mar 96

[FBIS Transcribed Text] Seoul, March 30 (YONHAP) — The population of South Korea is estimated to have reached 45,187,000 as of last November, according to a national census.

The National Statistical Office reported the tentative results Saturday of a population and housing survey conducted Nov. 1-9, which indicated that there are 44,606,000 South Koreans - 22,397,000 males and 22,209,000 females.

Taking into account omissions and overlapping, however, the base population is believed to be 45,187,000, the statistics office said.

"An official 1995 base population will be announced toward the end of this year after it is calculated on the basis of figures obtained in the November 1995 census," Cho Hi-kap, director of the office's Research and Statistics Bureau, said.

Cho said that figures obtained by the census on provincial population composition and the state of housing could be used as base indices just as they are because they contain few errors compared with population figures.

According to the 1995 census, Seoul accounted for 22.9 percent of the total national population, down 1.5 percentage points from 1990, while the population composition of Kyonggi Province and Incheon stood at 17.2 and 5.2 percent, 3.2 and 0.8 percentage-point gains, respectively.

The population weight of Seoul and its adjacent Incheon and Kyonggi areas was 45.3 percent, a slight gain over 1990 when it stood at 42.8 percent.

This means that in the last five years, a sizable portion of the Seoul population moved into new towns like Pundang and Ilsan in the capital city's outlying areas of Kyonggi Province.

As of last Nov. 1, there were 12,961,000 households, up 14.1 percent over 1990. A statistics official said the gain is attributable to a growing trend of family nuclearization.

Family members averaged out at 3.34 percent per household, which compares with 3.71 in 1990.

The number of houses including unoccupied ones reached 9,579,000, an increase of 30.2 percent over 1990 when they numbered 7,357,000.

The sharp rise in dwellings was due to the mass supply of apartments in the construction of new towns in Seoul's adjacent areas in the 1990-95 period, an official said.

By type of dwelling, apartments totaled 3,447,000, up 111.7 percent over five years before, and town houses and multifamily units 1,065,000, a 76.6 percent gain.

On the other hand, detached houses numbered 4,383,000, down 7.3 percent from 1990.

Dwellings that remain unoccupied totaled 363,000 or 3.8 percent of the total houses across the country, an increase of 84.4 percent over 1990.

ROK: Health Ministry Bans Import of UK Beef, Related Products

SK0204065496 Seoul YONHAP in English
0629 GMT 2 Apr 96

[FBIS Transcribed Text] Seoul, April 2 (YONHAP) — South Korea has decided to ban imports of beef and related products from Britain and Northern Ireland suffering from "mad cow" disease, beginning Tuesday.

The action came on the heels of the European Commission's decision to impose a worldwide export ban on British beef, the Health and Welfare Ministry announced.

The ban will remain in effect until the European Commission lifts the export ban, the announcement said.

Since last year, South Korea has not imported such British processed beef products as sausage, nor is there any waiting for customs clearance, a ministry official said.

There are 37 drugs and 45 cosmetic products made from substances derived from cattle and these British products are also banned, he explained.

ROK Described as One of Fastest Growing Internet Markets

*SK0204141996 Seoul YONHAP in English
1029 GMT 2 Apr 96*

[FBIS Transcribed Text] Seoul, April 2 (YONHAP) — South Korea is one of the three fastest growing markets for the Internet in the Asia-Pacific region, said Scott McNealy, president of Sun Microsystems Inc., here Tuesday.

After meeting with representatives from leading Korean firms such as Hyundai Electronics and Trigem, he told reporters at the Seoul Grand Hyatt that the Korean businessmen seemed impressed at Sun's computer language, Java, which was launched last year and is currently his firm's most popular product.

He added that he is confident that the Korean firms will begin seeking clients here for Java.

Co-founded by McNealy in 1982 and based in Mountain View, California, Sun is currently ranked 244th in FORTUNE magazine's list of the top 500 companies. During fiscal 1995, the firm reported 5.9 billion U.S. dollars in revenue and has averaged 15 to 20-percent growth over the past several years.

He also gave a keynote speech at the 1996 Seoul Information Expo also held at the Hyatt. Having arrived from Taiwan, he is slated to fly to Japan from here.

Some of Sun's major clients in South Korea include Samsung Electronics, Dacom, Seoul National University, Asiana Airlines, and the CHUNGANG daily news.

Well-known for its sparc client/server system, Java, and its operating system Unix, the firm also enjoys commanding 32 percent of the global workstation market.

McNealy maintained that practically all companies in the United States are using the Worldwide Web for

a variety of functions, such as financial applications, customer management, design automation, and software development.

Citing his firm as an example, he said a total of 2 million messages filling 30,000 "Web pages" are sent within Sun daily among its some 15,000 employees.

The secret of Sun's success, according to its president, is its concentration solely on network-based computing and its belief in open systems or interfaces compatible with all computers.

ROK: Fiber Optic Cable Laid Between Sinpo, Hamhung

*SK0304130196 Seoul KBS-1 Radio Network
in Korean 0700 GMT 3 Apr 96*

[FBIS Translated Text] It was learned that an optical fiber cable has been laid between Sinpo and Hamhung where the light-water reactor is to be built. An official of the Korean Peninsula Energy Development Organization, who recently visited North Korea, said today that an optical fiber cable has been laid between Sinpo and Hamhung, thus, making it easy to communicate with New York, Beijing, and Tokyo from the Sinpo region. This official also said that North Korea was actively seeking the swift settlement of a lot for temporary lodgings for officials involved with the atomic reactor project.

ROK: Program Mandates Harsher Penalties Against Marine Polluters

*SK3003015096 Seoul THE KOREA HERALD
in English 30 Mar 96 p 3*

[FBIS Transcribed Text] Companies or people causing marine accidents, such as oil spill, will be held accountable not only for direct damage but also for long-term ecological effects, environment officials said.

The Environment Ministry yesterday came up with a five-year marine protection program which calls for harsher penalties against those causing contamination in the nation's coastal waters.

Officials said they will revise pertinent laws so that the government can sue contaminators to seek compensation for long-term damages to the ecological system and marine resources.

In marine accidents so far, compensations have been sought for only "direct and visible" damage, they noted.

The program also called for designating tanker-only routes in the nation's territorial waters, a move designed to help prevent accidents involving oil-carrying ships.

The officials said they will also map out a new navigation control systems for oil tankers this year.

More than 8,600 tons of oil were spilled in over 320 accidents in the nation's coastal waters last year, according to statistics by maritime police. About 90 percent of the oil was leaked from oil carriers.

One of the largest disasters occurred last July when the Sea Prince, the Cyprus-registered 140,000-ton tanker, ran aground in a typhoon off Yosu. It spewed about 700 tons of oil, causing massive damage to fish farms.

The five-year plan was announced after being approved by an interministry environmental committee headed by Prime Minister Yi Su-song.

The program also incorporated measures to help reduce damage caused by the phenomenon called "red tides," which causes massive damage to sea farms every year.

Fifteen coastal areas, including Kwangyang and Chin-hae bays, will be designated as special management areas over the next three years with regard to the red tides.

The government will set up facilities to remove red-tide causing substances, such as nitrogen and phosphorous, in the areas. Other preventive steps include the introduction of an early warning system.

The government also decided to set up an institute which will carry out research on the phenomenon.

Red tides were reported more than 40 times throughout the nation's coastal waters last year, causing an estimated damage of 73 billion won, government statistics showed.

The program also calls for intensified efforts to improve the sewage treatment and waste disposal facilities along the coastal areas.

The government will also push for heavier penalties for those violating regulations on emitting pollutants.

More than 4.3 trillion won will be spent in implementing the five-year program, the officials said.

Brunei, Malaysia & Singapore

Malaysia

Malaysian Minister: 690 Held Under Internal Security Act 1986-96

BK0304092496 Kuala Lumpur THE STAR in English
3 Apr 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] A total of 692 people were detained under the Internal Security Act between 1986 and 1996, said Home Minister Datuk Sri Dr. Mahathir Mohamed.

Their detentions were mostly due to involvement in activities which threatened the country's security and economy, he said in a written reply to Lim Guan Eng (DAP [Democratic Action Party] — Kota Melaka).

The reply did not state how many of those detained in the last decade were released.

Dr. Mahathir said the Government has decided to review the Act.

Malaysia: Daily Sees 'Envious' West in Charges on Cambodian Ties

BK0204144996 Kuala Lumpur BERITA HARIAN
in Malay 1 Apr 96 p 10

[Editorial: "The West Should Stop Envy Malaysia"]

[FBIS Translated Text] Certain parties are envious at Malaysia's active participation in Cambodia, which as result, has been branded as Malaysia's 14th state.

We believe Cambodia has been given this nickname because of the close ties between the two countries, particularly in investment. Malaysia has become the victim of jealousy because certain countries have repeatedly lost opportunities to invest in Cambodia. Cambodian Prime Minister Prince Norodom Ranariddh personally related France's charges against Prime Minister Datuk Sri Dr. Mahathir Mohamed recently. Recently, a foreign magazine also reported a similar incident. Moreover, Ranariddh's wife, who is of Malay descent, was also linked to and seen as the main reason for the close ties. From one angle, we could treat such remarks as a compliment. However, as they were made cynically, we see an ulterior motive.

We believe many other Western countries have taken that attitude, and it is regrettable they have such a narrow perspective. It is unnecessary for them to lower their dignity by making unfounded and insignificant allegations. However, it is possible that their failure to secure major projects provoked them into making

such wild accusations, with the aim of exposing a purported pact between Malaysia and Cambodia. It is also possible that this was done with the intention of making neighboring countries jealous. So, if Cambodia does not accommodate the West, we think that it is acting appropriately.

France, for one, should not be prejudiced against others. If anything at all, we should be the ones that are prejudiced against France. We cite as an example its nuclear testing in the South Pacific to which it turned a deaf ear, despite the condemnation of the international community, and continued to conduct test after test. Why has this major issue been brushed aside, and Malaysia's investments highlighted instead?

Without question, Malaysia has indeed become a target for the West, which will find every opportunity to humiliate Malaysia. Their anger is a result of our firm voice demanding for the rights of developing nations, including Asian countries, and equal justice. Malaysia's observations of the West were candidly and openly made without fear or malice. Given a chance, Malaysia will raise the issue again. Its aim is to create awareness among the West that undeveloped and developing nations deserve to be given the chance to carry out development. Therefore, the West should not continue to dominate power and suppress them. After Malaysia's numerous illustrations, many countries have disowned the West as their overlord. Apart from worries over the Western attitude, some of them do not provide the West with opportunities for investment. Therefore, allegations have arisen that Malaysia has been taking the opportunity to broaden its investments in Cambodia. What is true is that Malaysia has investments in almost all countries in this region, not only in Cambodia.

However, we would like to remind the West to look at itself first before accusing Malaysia. Malaysia continues to provide aid to any needy country, based on the belief that it will also benefit if that country progresses. Should the purchasing power of that country rises, then Malaysia could market its products there. However, this is not so with the West, which when given the chance to profit, will extract as much as they can. They are present in these countries because labor is cheap and there is easy and abundant access to natural resources. Undoubtedly, Malaysia is not niggardly in sharing its expertise. If nations are willing to learn from us, we are more than willing to teach them. We think technology should not be monopolized but shared with countries that require such knowledge. So, do not portray Malaysia's warm ties with other countries as if we have hidden agendas.

Malaysia: Mahathir Explains Stoppage of ASIAWEEK Subscription

BK0304092596 Kuala Lumpur THE STAR in English 3 Apr 96

[BERNAMA report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — The Government decided to stop subscribing to ASIAWEEK because the magazine was uninformative, Datuk Sri Dr. Mahathir Mohamed said yesterday.

"What we buy, of course, is our right.

"We are not banning it but we feel that it is not informative, so we don't buy," he told reporters after attending a forum on Malaysia's Multimedia Super Corridor at the Putra World Trade Centre here.

The Prime Minister was asked to comment on the Home Ministry's directive to all ministries and state departments to stop subscribing to the Hong Kong-based magazine for carrying malicious articles about the country.

During the question-and-answer session at the forum, Dr. Mahathir stressed the need for the press to be responsible.

He cited the Internet in which "just about anything can be spread."

Cambodia

Cambodia: Ranariddh Rules Out 'Military Force' To Free Hostage

BK0204113996 Hong Kong AFP in English 1118 GMT 2 Apr 96

[FBIS Transcribed Text] Phnom Penh, April 2 (AFP) — Cambodia's first prime minister said Tuesday that a British mine expert being held hostage by Khmer Rouge renegades was alive and well but ruled out the use of military force to free him.

"We have made contact with the group and we know that the hostage is still alive," Prince Norodom Ranariddh told reporters. "But we will not launch a military operation. We will not endanger the life of the hostage."

The prince also said he had information that made it clear that Christopher Howes, 36, of Bristol, England and his Cambodian translator, Huon Hourth, were not being held for political purposes.

"It is very clear that (the abduction) is for ransom and not for political reasons," he said, adding that the kidnappers were not active Khmer Rouge guerrillas, but defectors who had joined and then deserted the Royal Cambodian Armed Forces.

The prince would not give details of the ransom demand but said it was "very small." He would not say whether the government was considering paying it.

By ruling out a military option, the prince appeared to be attempting to negate parallels between this hostage case and a case in 1994 in which a large government assault on a Khmer Rouge base was blamed in part for the murder of the three Western tourists being held there.

Howes and Huon Hourth — employees of the British-based Mines Advisory Group (MAG) — were kidnapped last Tuesday with 25 other Cambodian deminers while making a roadside pagoda safe in the northern province of Siem Reap.

The 25 others were released the same day after Howes refused to act as a courier for a ransom for the Cambodians, according to provincial government officials. Howes and Huon Hourth were then moved deeper into the jungle and contact with the kidnappers was lost.

Since then, information about the state of negotiations has been murky with different officials claiming that contact with the captors had been made and others denying it.

MAG officials, who had complained they were not receiving clear information about efforts to free the men, said they had not been given any new information about Howes.

"We have heard nothing new today," said one.

Provincial officials say they believe the two are being held on a remote jungle mountain about 45 kilometers (27 miles) from where they were taken.

Several teams of village negotiators have been sent to the area near Phnom Chang Kran Roi (100 Stoves Mountain), but the prince did not make it clear if any had established contact with the kidnappers.

Prince Ranariddh denied a widely published report that three villagers sent to negotiate with the kidnappers had themselves been kidnapped.

Indonesia

Indonesia: Lecturer Freed; 39 Remain in Custody for Riots

BK0304055796 Jakarta ANTARA in Indonesian 0436 GMT 3 Apr 96

[FBIS Translated Text] Jayapura, 3 Apr (ANTARA) — The number of people accused of masterminding a bloody incident that took place in Abepura, Jayapura,

Irian Jaya on 18 March 1996 has decreased from 42 to 39.

Police Captain Try Hastuti, duty officer of the Information Service of the Irian Jaya Regional Police, admitted to ANTARA in Jayapura on Wednesday that three people have been released due to a lack of sufficient evidence to bring them to court.

The 39 suspects are comprised of 11 college students from various institutes of higher learning, 13 students of various secondary grades, and 15 ordinary citizens in Jayapura.

They are under intensive interrogation in order to determine precisely whether or not they were involved in the incident that resulted in casualties and property damage.

The incident tragically left four Jayapura residents dead and led to riots in Abepura. Cars, motorcycles, shops, and markets were burned down, while private property was damaged and looted during the riots.

Commenting on a lecturer, Dr. Fk [name not further specified] (42), who was arrested some time ago, the duty officer of the Information Service of the Irian Jaya Regional Police confirmed that he had been released due to a lack of evidence involving him in the incident.

The duty officer did not rule out the possibility that he could be questioned again if there were new developments suggesting he was involved in the incident, which turned Jayapura and its environs into a ghost town for three days.

Police Captain Try Hastuti added that the other suspects who have been released could also be called back for questioning.

Indonesia: Alatas Denies Candidacy for UN Chief's Post

BK0304102696 Jakarta ANTARA in Indonesian 0802 GMT 3 Apr 96

[FBIS Translated Text] Jakarta, 3 Apr (ANTARA) — Foreign Minister Ali Alatas (?stated) that the Indonesian Government never nominated anyone as a candidate for the UN secretary general's post either directly or indirectly.

Speaking before a cabinet meeting on economy, finance, production, and distribution at the Bina Graha Presidential Office in Jakarta on Wednesday, the foreign minister said it was illogical for a person who did not run for the UN secretary general's post to be nominated as a candidate for the post.

"Let's not get ahead of developments! We must first see everything," the foreign minister added.

He said the news report published by a Jakarta newspaper could have a negative impact because the source of the report was not given.

According to the news report, several permanent members of the UN Security Council such as Britain and the United States would prefer Alatas to Butrus Butrus-Ghali for various reasons.

Alatas stressed that the negative impact of such a statement should have been anticipated. "How will he (UN Secretary General Butrus Butrus-Ghali) feel if he reads such a report," Alatas said.

Moreover, the UN secretary general, who is from Egypt, will probably seek reelection to the post.

The foreign minister said the report was totally untrue. "I hope that the matter is over. The issue of the UN secretary general's post is an old story," he stated.

In reply to questions, Alatas confirmed that the Australian foreign minister planned to visit Indonesia in the near future to discuss various bilateral, regional, and international issues.

"If I am not mistaken, the visit will begin on 11 April, but I will have to check it first," Foreign Minister Ali Alatas said.

Indonesia: Suharto Meets With Mauritian President's Special Envoy

BK0204140696 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 2 Apr 96

[FBIS Translated Text] President Suharto received a courtesy call from Stephen Obeegadoo, the Mauritian president's special envoy, who briefed him on situations of the countries grouped in the Indian Ocean Rim. The special envoy cited the Mauritian president as inviting Indonesia and other ASEAN countries to take part in the Indian Ocean Rim. Foreign Minister Ali Alatas, who accompanied the special envoy, said Indonesia fully supports such an initiative.

[Begin Alatas recording] During the talks, President Suharto voiced Indonesia's determination to ensure the successful implementation of the initiative and expressed hope that Indonesia will be able to contribute constructively to it. As the first step, there will be a working group meeting of senior officials who will prepare a ministerial meeting at the end of this year. [end recording]

President Suharto and the special envoy, who is concurrently Mauritian minister of fisheries, also discussed cooperation especially in the maritime and fishery industries. Abeeegadoo is also scheduled to hold talks with the Indonesian minister of agriculture this afternoon.

Indonesia: Military Affirms Support for 'Single Majority'*BK0304013696 Jakarta KOMPAS in Indonesian
2 Apr 96**[Unattributed report — received via Internet]*

[FBIS Translated Excerpt] Padang, KOMPAS — The Armed Forces of the Republic of Indonesia [ABRI] has an interest in a single majority because ABRI is obsessed with the continuity of development. There must be a strong leader with a strong support base.

"This is ABRI's main concern. It is not illegal to build a dominant power base. Nevertheless, the dominant power should not become arrogant and dictatorial. ABRI must be able to control it," Lieutenant General Syarwan Hamid, ABRI's chief sociopolitical officer, said in a lecture at a seminar entitled: "The Role of the Indonesian Real Estate Association [REI] in Promoting the National Campaign for Healthy Houses and Settlements" on the occasion of the 24th anniversary of the REI in Padang on Monday (1 April).

According to Syarwan Hamid, one feature of the current national sociopolitical structure is the emergence of a stronger and more critical middle class. Some of them are even vocal and liberal. This is certainly a general feature. The middle class is economically, politically, and educationally "sound."

He stated ABRI no longer wanted to become a tool of businessmen. Land expropriation is an example. "ABRI cannot afford to distance itself from the people. There will be trouble if ABRI distances itself from the people. If there is a dilemma, ABRI will choose to be close to the people," he said. [passage omitted]

Indonesia: Bimantara Group To Launch National Car 'This Year'*BK0304102596 Jakarta ANTARA in Indonesian
1345 GMT 31 Mar 96*

[FBIS Translated Text] Semarang, 31 Mar (ANTARA) — The Bimantara Group automotive division will brighten up the national car industry by launching 1,500-cc cars called Bimantara this year. The move is also aimed at countering the current notion that Timor cars produced by Humpuss Group are the only recognized national car.

"If there is only one brand of national car in the country, it gives the impression of a monopolistic practice especially when we consider that there are almost 200 million people in Indonesia," Bimantara Group president Director Bambang Trihatmojo told ANTARA in Semarang today.

Bambang noted that the national car project has become a concern to the sole agents of several brand name cars and foreign automotive industry producers. Some of them have even raised their objection to a national car project. He said the national automotive industry has had a long 25-year history, but it has taken a long time to put local components into the car industry. The government is not happy with this, and has decided to issue Presidential Decree no. 2/1996, which launched the national car project. Bambang hoped that the presidential decree would strengthen the Indonesian people's self-reliance, as well as reduce their dependence on foreign technology.

Commenting on the fate of sole agents of brand name cars who have included a high content of local components in their products, Bambang proposed that they should work together to produce national cars.

He said the Bimantara Group has allocated 800 billion rupiah for initial investment and plan to produce 50,000 units annually in efforts to brighten the national car industry. "God willing, we will launch the car this year," he said.

Bambang stressed that the automotive industry requires courage to take risks and enter into mass production so as to avoid losses. He cited Korea's Hyundai car manufacturer as an example. Its annual production of about 1.5 million units, or about 5,000 units daily enables the company to reduce costs and compete in the world market.

Indonesia: Private Offshore Loans Expected To Increase*96SE0048B Jakarta BISNIS INDONESIA
in Indonesian 5 Mar 96 p 3*

[FBIS Translated Text] Jakarta (BISNIS)—The demand in Indonesia for offshore loans will increase as a result of the shortage of domestic funds, a foreign securities executive said.

Jaideep Krishna, executive director of Peregrine Fixed Income Ltd. (PFIL), Hong Kong, said that Indonesian foreign loans in U.S. dollars will rise because of a shortage of domestic funding sources.

"Also, the relatively high domestic loan interest rates encourage this trend," he said during a PFIL presentation here yesterday.

He added that another domestic factor spurring greater demand for foreign loans is the controlled depreciation of the rupiah. In addition, he continued, a higher level of creditor comfort with lender terms—longer repayment periods—is having a positive effect.

According to Krishna, because of the improved credit of some Indonesian companies, prompted by Indonesia's elevation to "investment grade" (BBB) by Standard and Poor, more foreign investors are eyeing Indonesia.

"As a result, spread tightening' and longer-term loans are occurring, which will ultimately reduce loan costs," he explained.

He said that Indonesia's loans on the offshore market almost doubled in 1995, while the number of companies seeking funds overseas rose to 250. In 1994, however, there were only 150 companies.

PFIL, Krishna said, views Indonesia as a country with great potential. Because of stable economic growth, the company is confident that Indonesia will not be able to depend always on bank loans and equity.

"Indonesia must quickly open the way for a domestic and international bond market," he said. For its own infrastructure sector alone, Indonesia is expected to issue \$150 billion in bonds by 1998.

The presence of PEFINDO [expansion unknown] as a promoting agent of Indonesian securities, the executive said, will help investors to learn credit differences among companies and to know more about the companies.

Since its establishment, PFIL has been much involved in the Indonesian fixed income market for both companies and financial institutions, including PT Citra Marga Nusaphala Persada (CMNP), PT Mulialand, PT Bank International Indonesia (BII), PT Indah Kiat Pulp and Paper (IKPP), and PT Bank BNI.

In the short term, Krishna said, PFIL has helped to obtain at least \$2.7 billion in loan funding, and the company will work harder this year in both primary and secondary markets.

Peregrine is the largest investment bank in Asia (excepting Japan). It offers integrated corporate financial consultation services and broker services for securities dealers in Asia and internationally.

Philippines

Philippines: PNP Confirms Growing Threat of Terrorism

BK0304084696 Manila THE MANILA CHRONICLE in English 23 Mar 96 p 2

[Report by Edith Alejandro]

[FBIS Transcribed Text] The Philippine National Police (PNP) admitted that the threat of terrorism in the country poses a serious concern and should be addressed by the various government agencies.

A document released by the PNP in its three-day workshop on peace and order at Camp Crame said the Abu Sayyaf group (ASG), the Alex Boncayao Brigade (ABB) and the Communist Party of the Philippines (CPP) have increasingly become bolder and more violent.

The threat of terrorism, the paper said, has become serious after domestic terror groups became bolder and more violent in their activities.

The ASG, ABB and CPP are enjoying the aid and support of foreign terror organizations and the violent nature of the Sayyaf group and its tendencies towards extremism creates a disturbing effect, the PNP added.

"Not only has it been established that international terrorists have been able to organize cells in the country linked with domestic terror groups, but that there exists a complex network to support their activities," it said.

To thwart possible attacks of these terror groups, the PNP recommended the improvement of the legal framework; intelligence capabilities; counter-terrorist capabilities of concerned government agencies; close co-ordination and cooperation with other government agencies; and establishment of linkages and cooperation with foreign government.

Terrorism in the country, according to the PNP, stems from ethno-religious (ASG) and politico-ideological concerns (ABB and CPP).

Foreign terror groups have established cells in the country with a new breed of international terrorists like the Ramzi Ahmad Yusuf group, which recently established a foothold in the country, pose a potent threat to the internal security, the PNP said.

Delegates from the various government agencies including the Department of Justice, National Bureau of Investigation and others are preparing for the Fourth Peace and Order Summit on 11-12 April.

Philippines: Police Deny 'Protecting' Army Officers Involved in Bombings

BK0304044496 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 2 Apr 96

[FBIS Translated Text] The Philippine National Police, PNP, Recom [Regional Command] IX has denied reports that it is protecting four army officials who are allegedly involved in the recent spate of bombings in Zamboanga. According to Orville Gabuna, PNP Region IX director, these reports are purely speculative and have not yet been confirmed. Based on the reports, two army colonels and two majors are responsible for the bombings. The officials are allegedly disrupting the

peace process between the government and the MNLF [Moro National Liberation Front].

Former Ambassador Manuel Yan, head of the government panel, insisted that nobody can halt the peace process in Mindanao; that the bombings cannot stop the talks. He added that they do not have any intention of yielding to the MNLF demands to establish a provisional government in Mindanao. Yan denied that peace talks are being held in the United States. The fourth round of talks is expected to be held in Jakarta, Indonesia.

Thailand

Thailand: GSP Delays Reportedly Hurting Exporters

BK0304053596 Bangkok BANGKOK POST in English 3 Apr 96 p 16

[Unattributed report]

[FBIS Transcribed Text] Thai exporters are still affected badly by the failure of the US administration to introduce its new Generalised System of Preferences (GSP) programme.

American private sector companies are now lobbying the government to press on with the extension of GSP benefits because they find the tariff burden to be too harsh.

Pracha Charutrakunchai, the director-general of the Foreign Trade Department, said congressmen and senators have tried to push for endorsement of a GSP with the possibility of including it with three other bills — the Budget Reconciliation Bill, the Continuing Resolutions Bill and the Trade Bill.

However, Mr Pracha said the bills were not likely to be enacted this year.

He said the Ways and Means Committee of the US Congress first agreed to include the new programme with the Debt-ceiling Bill that was scheduled to have been passed by the Congress last Friday.

But the committee withdrew it at the last moment because it could not solve the problem of getting other sources of income to compensate for a loss of revenue from the GSP programme.

The second GSP programme ended on July 3, 1993, and was extended until July 31 last year. Imports after that period were subjected to normal tariff rates and importers were to get refunds after the new programme became effective.

The US administration is certain to extend the new GSP programme, but it would not be applied immediately be-

cause it has been included in the Budget Reconciliation Bill which was vetoed by President Clinton.

The administration and legislature agreed not to consider this bill until the presidential election was over.

Thailand: Daily Urges APEC To Study Problems of NAFTA

BK0304044896 Bangkok THE NATION in English 3 Apr 96 p A4

[Editorial: "APEC Can Learn from Mistakes of NAFTA"]

[FBIS Transcribed Text] The Institute for Policy Studies, an independent Washington think-tank, in a damning report released this week, has blamed the North American Free Trade Area (NAFTA) for having brought on the Mexican peso crisis in late 1994 and for environmental damage along the US-Mexican border. This report comes at an opportune moment when words like globalization and trade liberalization have become synonymous with free trade and free markets.

One thing, however, has to be made clear. The institute has explained in its report that NAFTA did not create all the labour, environmental and immigration problems we are seeing between the US and Mexico. What the economic grouping — which brings together the US, Mexico and Canada — has done by virtue of integrating the three economies together was to further accentuate the existing problems in the three countries, so much so that it has reached crisis proportions today.

Mobility of corporations

NAFTA was set as an agreement which increased the mobility of corporations to move factories and goods across borders. Many concerned groups from the beginning have said that this would create problems if proper protection for the environment, workers and communities were not incorporated in the original NAFTA agreement. So what NAFTA has done is make a bad situation worse.

So far the major problem with NAFTA is that it has created a situation in the US, Canada and Mexico where wages and working conditions have either stagnated or been brought down. NAFTA, by giving companies increased mobility in moving across borders, has increased their bargaining positions. Workers have been given an ultimatum by companies to accept lower wages and cuts in health services, failing which businesses have threatened to relocate to Mexico.

It's not that there is a flood of jobs going to Mexico, but rather a big increase in the use of the threat to go

there in a bid by companies to bargain down wages and change working conditions in other countries.

In Mexico, because of the peso crisis, the real wages of workers there too have fallen. So NAFTA has given rise to a terrible situation where workers' rights in all three countries are abrogated. It is simply a case where globalization has been accelerated at the expense of workers' rights and their welfare.

The shortcomings of NAFTA should serve as an example for the Asia-Pacific Economic Cooperation (APEC) forum and the ASEAN Free Trade Area (AFTA) currently being touted in the Asia-Pacific region.

Realistic understanding

NAFTA was a path that led to disaster as the US, Canadian and Mexican governments were rushing towards forging the agreement without thinking carefully about the consequences of integrating countries having vastly different levels of economic development, environmental and labour standards. It would be useful for the proponents of APEC and AFTA to take into account the collapse of the Mexican economy and NAFTA's poor records in order to discuss much more extensively the social and environmental implications of economic integration.

There is fear that the problems identified with NAFTA might well be repeated with the APEC experience. But there's one consolation, however. Unlike the West, where free trade and free market concepts are embraced with open arms, in Asia, there are many countries that are much more cautious and have a more realistic understanding of the role governments can play in economic development. And this was clearly evident at the two APEC summits where Malaysia was sceptical to the US approach of tearing down trade and investment barriers overnight.

There is certainly a much more balanced approach to economic integration and the Asia-Pacific governments should not just copy the free trade and market-driven deregulation agenda of NAFTA.

NAFTA has shown clearly that there is an expensive price to pay with economic integration and companies that operate across borders seldom respect labour rights or look after the environment. What's needed now is more healthy debate around the rules that accompany economic globalization.

Thailand: Banhan's PRC Trip Said Unsuccessful

BK0304051796 Bangkok BANGKOK POST
in English 3 Apr 96 p 4

[Commentary by Somchai Misane and Chatrudi Theppharat]

[FBIS Transcribed Text] It was an important trip, one which Thai officials hoped would place Thailand and China on an equal footing in their third decade of renewed relations. But Banhan Sinlapa-acha's six-day visit achieved almost nothing for either the Prime Minister of Thailand or the 100-strong government and private sector delegation which accompanied him.

Negotiations with China yielded no agreements on any issues of substance. In fact, the entire visit turned out to be nothing more than an occasion to express Thai support for China and listen attentively while Beijing's leaders reiterated their policy on Taiwan.

China used the visit to remind the world of her three principal policies on Taiwan: peaceful reunification, a single China but with two administrative systems, and reunification through negotiation.

Mr Banhan and his officials applauded this as a softening in China's stance. The Suphan Buri MP also boasted with much pride that Thailand was chosen by Chinese President Jiang Zemin and Premier Li Peng as the country through which this policy was to be stated to the world.

While Mr Banhan might be starstruck by such larger-than-life power figures as Jiang Zemin and Li Peng, the rest of the international community was not and, if anything, most would have regarded it as a bit of a joke.

The policy statement held nothing new, it was one formulated by Beijing over a decade ago. The main criteria which Mr Banhan did not mention were that the three policies only apply if Taiwan does not declare independence and if no third countries interfere. Beijing announced to the world community during its military exercises that it would not hesitate to use force against Taiwan if these two positions were breached.

The Thai Prime Minister simply acted as a spokesman for China on the problem of Taiwan and the Spratly Islands where China has competing claims with Vietnam, Brunei, the Philippines and Malaysia.

The Prime Minister expressed no opinions to the Chinese leaders and did not reveal any Thai positions on either Taiwan or the Spratly Islands. He only acknowledged the Chinese policy and then held a press conference with the Thai media. The Thai government position

was made to appear one of total and unequivocal support for China on these two contentious issues.

Thailand also gave China a promise to support her efforts to become a full dialogue partner in ASEAN as well as a member of the World Trade Organisation.

In contrast, China offered no commitments on any of Thailand's requests, be they for the purchase of more low quality Thai rice or for the opening up of the Chinese rubber and sugar markets.

Thailand also asked China to open more aviation routes — Bangkok-Swallow and Chiang Rai-Chiang Roong — and for the relocation of her satellite orbit further from that of Thaicom as they are at present only one degree apart. Again, China offered no pledge of any kind.

Businessmen who accompanied Mr Banhan also complained that the private sector did not get as much from the trip as they should have and that they served no other purpose than as a decoration to the delegation.

Some felt the private sector should not have been separated from the official prime ministerial delegation because this denied them the opportunity to meet with senior Chinese administrators.

"Meeting the senior Chinese officials was very important to us and we should have had that opportunity. It would have been of great benefit to the Thai business sector," said one business leader.

On March 25, the second day of the visit, Mr Banhan met with Premier Li Peng, but the Thai private sector was taken on a tour of a technology development area in Beijing. Separate dinners were also arranged with the Thai private sector having a business dinner with Chinese international trade officials while the Chinese government hosted an official dinner for Prime Minister Banhan.

Red Bull Vitamin Drink (Thailand) Co managing director Chanchai Ruairungruang said the private sector was unhappy with the arrangements because the reason they had accompanied Mr Banhan on the trip was to meet senior administrators in the Beijing government. It was an opportunity for them to build ties with Chinese leaders.

"We knew we couldn't join the official negotiations, but there was no need to separate us during the evening dinners. I am with Chat Thai and I don't want to compare the trips accompanying former prime minister Chuan Likhai. But the private sector members of delegations from France and Japan will always go everywhere with their official teams. This builds confidence in China regarding the private sector," he said.

Thai officials said the format of the visit was arranged in accordance with Chinese wishes, but Mr Chanchai said this was no excuse as it was obviously something that could be negotiated.

If the Chinese did not want to spend state funds, the Thai private sector would have been happy to assist, he said.

Bangpakong Industrial Park 2 president Wikrom Kromadit said private delegates should have had the opportunity to show what is outstanding about the Thai business sector so as to attract large Chinese corporations to invest in Thailand. Investment should not just be limited to Thais investing in China.

"Some Chinese companies have sales figures of over US \$2,000 million-3,000 million a year and exports of more than \$500 million- 800 million a year," he said.

"There are also companies that produce machinery and support industries which Thailand needs. These companies have the capability to invest in Southeast Asia and they are companies that have a good chance of developing into important world-level manufacturers in the future."

Mr Wikrom also said a lack of preparation was clear in the organising of meetings between Thai and Chinese businessmen since there were very few Chinese representatives and their businesses were not complementary to those of the Thai businessmen.

However, he hoped that Mr Banhan would at least take some examples from China in making changes to the Thai administration, especially the Chinese special economic zones developed only five years ago and now meeting with great success.

Thailand has spent the last 10 years developing the Eastern Seaboard but it is nowhere near as successful as similar ventures in China. Adjustments will have to be made to Thai efforts in order to improve her competitiveness in the region.

Thai Chamber of Commerce vice chairman Saman Ophatwong said the Thai delegation met with no success at all in selling low grade 15- 25 percent Thai rice because China wanted only high quality 100 percent rice. Thai officials must continue to negotiate and find the goods to fit the market.

China wants only 300,000 tons of rice from Thailand because last year she was able to produce more rice than in 1994 when she experienced a drought necessitating the import of two million tons of Thai rice. The worldwide market for Thai rice is six million tons annually. Thailand will now need to boost sales of other farm goods such as rubber and fruit.

Despite the general gloom, there were some Thai business groups who benefited from the trip, notably the Charoen Phokkhaphan Group of Thanin Chiarawanon and Bangkok Bank. Both have large investments in China and enjoy close ties with Chinese leaders.

Their representatives were also allowed to accompany Mr Banhan's official team; the CP representative joined the Prime Minister's tour of Shanghai while the Bangkok Bank official went on his tour of Swatow where its new branch was opened. The other businessmen could only watch with envy.

Part of the failure of the trip can be attributed to the poor preparations on the part of Thai officials. But to be fair, they had expected the trip to take place in June.

It was Mr Banhan who moved the trip up to last week so it would be before the no-confidence debate expected early next month. After all political accidents can happen despite the Government's overwhelming majority in the House.

Mr Banhan, whose Chinese name is Bey Tek Chiang, has long wanted to visit China in his capacity as Thai prime minister. He wanted to see the home of his parents who emigrated from Swatow some 70 years ago and made their home in Suphan Buri.

But this eagerness to visit China, the first non-ASEAN country the Thai premier has chosen for an official visit, resulted in a lack of preparation. He also might have been too starry-eyed about returning to the birthplace of his ancestors so that bilateral negotiations with China escaped him altogether.

Instead of turning the third decade of Thai-Chinese relations — revived in 1975 — into an opportunity for Thailand to be seen as China's equal as Thai officials had hoped, the Prime Minister gave no impetus to improving the ties.

Indeed, he kept it firmly pegged to where it has always been — Thailand kowtowing to Chinese will.

Thailand: PRC Rice Quota 'Should Not' Affect Country's Exports

BK0304054896 Bangkok THE NATION in English
3 Apr 96 p B3

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] China's rice import quota regulation of one million tonnes this year, which came into effect yesterday, should not affect annual exports of about one million tonnes of Thai rice to the country.

Speaking in Shanghai while accompanying Prime Minister Banhan Sinlapa-acha last week on an official visit

to China, Saman Ophatwong, honorary president of the Thai Rice Exporters Association, said he believes the Chinese rice tariff quota regulation will only be applied to the quantity provincial and local Chinese authorities are allowed to bring into the country.

Saman believes the purchase of about one million tonnes of Thai rice a year at the tariff rate of four per cent will not be affected under the quota system. He said Chinese imports of Thai rice are usually subject to a special government-to-government agreement.

Deputy Chinese Prime Minister Li Lanqing told his Thai counterpart Amnuai Wirawan during Banhan's China visit that Beijing would allow the import of one million tonnes of rice under a tariff quota system that would charge only a one per cent tariff compared with the previous 80 per cent rate. + Amnuai strongly believes the Chinese tariff quota will "greatly benefit" Thai rice exports to China, the world's largest rice consumer, especially in the case of high-quality products exporting such as fragrant rice.

Amnuai quoted Li, who is in charge of Chinese external economic affairs and policy, as saying that China will not call any bids for rice importation but will allow state agencies to handle the issue.

China's tariff quota on rice is similar to that of Japan which has restricted imports of foreign rice to help protect local Japanese farmers from overseas competition. Amnuai said he has instructed the Commerce Ministry, the National Committee on Rice Policy, and the Thai Embassy in Beijing to follow up the Chinese announcement on the rice tariff quota and in return bring Thai rice exporters up to date with the changing situation in China.

While Saman believes Thai rice imports will not be included in the Chinese tariff quota system, Amnuai speculated that Thai products could make up about 50 to 80 per cent of the Chinese rice import quota. Both Amnuai and Saman could not confirm if Banhan's request, made during separate meetings with President Jiang Zemin and Prime Minister Li Peng, that China buy 300,000 tonnes of Thai rice, would be included in this year's Chinese rice quota regulation. But Li replied positively to his request, according to Banhan.

Last year, China bought 2.2 million tonnes to 2.3 million tonnes of Thai rice to make up for severe food shortages due to a string of natural disasters. Rice, rubber and sugar rank among Thailand's top exports to China. Thai rice exports to the communist giant amount to around one third of the country's annual rice exports.

Saman said he believes the trend in China is to import more rice especially now that an increasing number

of Chinese farmers are turning to producing more profitable crops. "I believe China will import more and more rice," Saman said.

He said Thai rice has a share of 60 per cent to 70 per cent of China's rice imports. Although India and Vietnam recently began exporting their rice surpluses, the quality of their rice is not on a par with Thailand's, he claimed. Despite the imposition of the tariff quota system, China, if in need, will certainly import more rice than it has stipulated, he said.

A senior Thai official said yesterday that China's tariff quota system on imported rice is "not really a new regulation" and that Beijing imports about one million tonnes of Thai rice a year.

Thailand: Burma Complies With Request To Demolish Bridge

*BK0304052096 Bangkok THE NATION in English
3 Apr 96 p A8*

[Unattributed report]

[FBIS Transcribed Text] Burmese authorities in Myawaddy, opposite Tak province, have demolished a wooden bridge connecting one bank of the Moei River with an islet in the river, Tak Governor Kasem Nakkharat said yesterday.

Kasem said the Burmese demolished the bridge on March 31 after it had been in place for just three days.

Burma claimed that the bridge would facilitate border crossings, saying people would only have to catch a ferry from the islet to the Thai side.

The islet, which is said to be in no man's land, became controversial when Thailand extended its river bank in Tak's Mae Sot district to the islet, creating an extra 80 rai of territory.

Burma demanded that the Thai government return the flow of the river to its original course. The Thai government complied with the demand, only for Burma to build the bridge.

Thai authorities were not informed in advance about the bridge. However, it is satisfactory that Burma complied with our request to demolish it, Kasem said.

Thailand: Joint Operations Against Lao Rebels Urged by Laos

*BK0304055196 Bangkok BANGKOK POST
in English 3 Apr 96 p 2*

[Unattributed report]

[FBIS Transcribed Text] Vientiane has called for joint operations against insurgents along the northern border.

Lao authorities raised concerns about "ill-intentioned people" during a meeting of the Joint Border Subcommittee in Chiang Rai on Saturday.

Lt-Gen Phairot Nutchaya, director of the Supreme Command's Joint Operations Directorate, co-chaired the talks with Brig-Gen Douangchai Phichit of Laos.

Security officers of the two countries pronounced themselves satisfied with border cooperation but Radio Vientiane said: "Some areas have not yet been secured due to ill-intentioned people who attempt to disrupt Laotian-Thai relations."

Laos uses the term ill-intentioned people in reference to insurgents operating against the Lao People's Revolutionary Party, which has been in power since 1975.

Lao insurgent activity has been detected between Chiang Rai and Phayao and Bokeo and Sayaboury, said the radio.

Areas of operations were between Thoeng and Wiang Kaen, Chiang Rai, Chiang Kham, Phayao and Paktha, Bokeo and Khop, Sayaboury, it said, calling for decisive measures.

The Government has repeatedly said it does not support Lao insurgents nor let them use Thai territory.

Despite the security concerns, the officers of the two sides agreed to inspect the disputed border area at Ban Rom Klao, Phitsanulok, in May or June.

Laos did not mention Ban Rom Klao, just saying the area between Boten in Sayaboury and Chat Trakan, Phitsanulok.

The continuing dispute over the hamlet has delayed efforts to demarcate the 1,730-km border.

Thailand: Tak Border Police Repel Karen Intruders

*BK0304053796 Bangkok BANGKOK POST
in English 3 Apr 96 p 6*

[Unattributed report]

[FBIS Transcribed Text] Tak — Border Patrol Police [BPP] fired two mortar rounds to warn off renegade Karens who slipped across the border to pick up stolen goods yesterday.

The Democratic Karen Buddhist Army [DKBA] bandits had robbed five Tha Song Yang villagers of goods worth 200,000 baht which they hid in bushes before crossing back to Burma.

Villagers told police 30 renegades with M-16 assault rifles and rocket and grenade launchers raided Ban Mae Layang on Monday night.

A BPP unit went after the renegades after the robberies and there was a brief exchange of fire before the raiders fled across the Moei River.

While inspecting the scene of the clash, a BPP unit sighted eight renegades and fired the mortar rounds but the Karens escaped with the goods.

Bunma Phiromsingkhon, 31, headman of Ban Mae Layang, said the renegades made off with a motorcycle, a shotgun, gold ornaments, medicines and other goods.

Last month, five villagers and a Karen refugee in this border village were kidnapped by renegades who demanded a 5,000-baht ransom, said Mr Bunma.

Thailand Plans To Finance Lignite Power Plant in Hongsa

BK0204133496 Bangkok SIAM POST in Thai
2 Apr 96 p 19

[Unattributed report]

[FBIS Translated Excerpt] Laos — According to Chatchai Siriwatthana, an executive of Thai-Lao Lignite Company, the Export and Import Bank has in principle approved to jointly finance the company's lignite and electricity generation project in Hongsa, Laos, with other banks. Valued at about \$1 billion, the project is the largest joint venture between a Thai company and the Lao Government.

The project consists of two main parts. The lignite mining in Hongsa concession covers a 60-square km and is to be operated by Hongsa Lignite Company, a 75/25 percent joint venture between Thai-Lao Lignite Company and the Lao Government. The 600-megawatt electricity generation part of the project will be fueled by lignite from the mine.

The company's financial advisers are negotiating with Krung Thai and Thai Farmers banks to co-finance the project. Contractors from Japan, Germany, and Italy who are bidding to build the power plants have arranged financial support for the project in form of supplier credits.

Geographical surveys show that lignite reserves in the concession area to be as large as 800 million tonnes. The lignite will first fuel the 600-megawatt power plant, whose capacity could later be raised to 1,800 megawatt. The lignite reserves will be able to generate power for sale to Thailand for 50 years.

The Thai and Lao governments have already signed a contract to buy 1,500 megawatt of electricity from the Thai-Lao Lignite Company for 25 years from the year 2000. [passage omitted]

Thailand: Croatia Wants Closer Ties, More Thai Investment

BK0304092796 Bangkok Radio Thailand Network
in English 0000 GMT 3 Apr 96

[FBIS Transcribed Text] Deputy Prime Minister and Foreign Minister Dr. Granic of Croatia said his country serves as the gateway to central Eastern Europe and it wants to have closer ties with Thailand.

Dr. Granic, who conducted his visit to Thailand yesterday, urged Thai business people and investors to visit his country to explore trade and investment opportunities.

During his meeting with Deputy Prime Minister Amnuai Wirawan, Dr. Granic said his country has expanded infrastructure development in various parts linking with Austria. He hoped the Thai investors will invest more in Croatia which will facilitate foreign investment.

Mr. Amnuai said the Thai Government has a policy to encourage Thai business people to invest in foreign countries.

Both Thailand and Croatia agreed to cooperate with each other in tourism promotion.

Croatia asked Thailand to send a trade mission to attend trade exhibitions to be held in Croatia in April and September this year. It also extended an invitation for Mr. Amnuai to visit that country.

Thailand: Editorial Urges Banhan Not To Ignore Farmers' 'Plight'

BK0304055096 Bangkok BANGKOK POST
in English 3 Apr 96 p 4

[Editorial: "Banhan Cannot Ignore Plight of the Farmers"]

[FBIS Transcribed Text] Many of the protesters who have been rallying in front of Government House for the past few weeks are familiar faces who are no strangers to Bangkok. Their problems too are age-old. These problems read like a tragic story that has been told so often that listeners have become so bored with it that they have totally lost interest.

This time around, the protesters, mostly poor farmers from the Northeast, intend to tell their same old story to Prime Minister Banhan Sinlapa-acha in the hope that he will be able to get the wheels of government turning to ease their problems, if not resolve them in the not-too-distant future. Their demand to see the prime minister is understandable. After countless broken promises, they have good reason not to trust any officials of a lower stature than the prime minister.

It is very disappointing that the prime minister has refused to meet the protesters or their representatives to hear details of their hardship and plight at first-hand. The prime minister reportedly said it was impossible for him to personally handle every single issue. He further said there are ministers concerned who will take care of the farmers' problems and report to him in the Cabinet.

No one in his or her right mind would expect a person as busy as the prime minister to look personally into every issue in detail and handle it all himself. What the protesting farmers are expecting from the prime minister is that he merely listens to their problems and then gives the authorities concerned a shove so that things can start moving rather than getting bogged down in endless bureaucratic red tape. It is just a humble request from the very people who have tirelessly worked the land for generations in order to feed the nation, but who are shamelessly exploited and poorly taken care of by the state. Yet, the request was rejected out of hand.

There is no denying that the problems raised by the protesters cannot be resolved overnight. These include land dispute problems resulting from the declaration of national parks, conserved forests and national forest reserves which overlap the land already occupied by rural villagers, the dispute between local farmers and governmental agencies over eucalyptus plantations and the impact caused to rural inhabitants by the construction of various dams. But in the Thai bureaucracy, a personal intervention from the prime minister can have a magical effect in slashing red tape and persuading bureaucrats to start working constructively.

As a former businessman with extensive experience in dealing with government officials, the prime minister should be fully aware of how to get the bureaucratic mechanism to function smoothly. It needs to be oiled or to be given a strong push from someone with power or influence. The farmers don't have such means and that is why they expect their prime minister to get involved. Besides, the attitude of local officials towards the impoverished farmers has always been one of suspicion, contempt and indifference.

Unlike shaking hands with world leaders in an international forum which will put the prime minister in the spotlight — an exercise in which he appears to participate enthusiastically — dealing with impoverished farmers and exploited workers means playing what is essentially a backstage role, and one without the international recognition he yearns for. But it will give him a glimpse of another side of the world which is plagued with poverty, exploitation, hopelessness and suffering.

Just where do Mr Banhan's priorities lie? Surely he cannot continue to ignore the majority of the population

whose representatives are now appealing desperately for his sorely-needed help.

Thailand: Protesting Farmers Threaten Banhan With 'Drastic Action'

*BK0304044690 Bangkok THAILAND TIMES
in English 3 Apr 96 p 1*

[Unattributed report]

[FBIS Transcribed Text] Bangkok — The army of protesters outside Government House yesterday will resort to "drastic action" if Prime Minister [PM] Banhan Sinlapa-acha does not meet with them in person within three days, said demonstration organizers.

Protest leader Bamrung Khayotha, however, did not say what form their actions would take.

Representatives of the 10,000-strong horde encamped outside the colonial era building yesterday issued the beleaguered government a statement: they will no longer deal with anymore committees prior to a meeting between Banhan and Forum of the Poor representatives.

The government, however, accepted the written statement only after it looked like violence would erupt.

At about 2 pm, thousands of protesters faced off over 100 baton-wielding police as they encircled Government House, demanding to meet with their nation's leader.

The already tense situation became progressively more volatile as the afternoon sun beat down on the weary but passionate demonstrators.

Several protest leaders, including Nithirat Sapsombun and Yutthachai Michai and Khuanphet Phonram, told the demonstrators to storm Government House if no official came out to meet with them within ten minutes.

The angry mob loudly counted down the minutes until, at the last minute, government official Prasoet Nun-anan emerged from the building to accept the statement.

Meanwhile, Forum of the Poor representative Bamrung Khayotha, speaking over a microphone, told government officials inside the building that the original objective of the protest was to petition the government to solve their problems, not to force them to do so through violent action.

"Banhan is a representative of the people," said Bamrung. "He should not be afraid of us."

He added that Banhan has shown that "He is not sincere in his desire to help the people."

The Forum of the Poor spokesman wrote off the government's offer to establish committees comprising representatives from the government and the affected villagers as a hollow gesture.

"They don't really want to help the villagers," he said over the microphone. "They just want to buy time."

The protesters comprise many groups, most of them from the Northeast where villagers have been forced off their land by dam projects. The dams include Pong Khun Phet Dam in Chaiyaphum, Pak Mun Dam in Ubon Ratchathani, Kaeng Sua Ten Dam in Phrae, Lap Ro Dam in Chumphon, and Rasisai Dam in Sisaket.

About 700 villagers, who were forced off their land to make way for the Sirinthon Dam project, joined the protest on Monday night. Over a thousand of their neighbors joined the protest last week.

A party of villagers from Nakhon Sawan's Takhli district also came to join the protest at around noon yesterday.

They issued a statement claiming Social Action Party MP Thirawat Siriwananon and his wife Phatthana have established a stone-grinding mill only 200 meters from their community.

The villagers said they reported their grievances to the district chief, the governor and a minister, but have received no response.

"Whenever we try to take action, there is a strong threat from the mill," the villagers said.

Prime Minister Banhan told reporters that he had ordered Deputy Prime Minister Chawalit Yongchaiyut to look into problems concerning labor, and Deputy Prime Minister Montri Phongphanit to examine the protesters' problems concerning land, forests, and dams.

The PM said the protesters and the two ministers will meet today.

Thailand: Chinnawat Wins Thaicom-3 Satellite Concession

*BK0304065896 Bangkok THE NATION in English
3 Apr 96 p B1*

[Unattributed report]

[FBIS Transcribed Text] Chinnawat Satellite Plc (SSA) has walked away, free from legal difficulties, with the rights to include Thaicom-3 in its existing concession, according to a legal authority.

The final result however is beyond industry observers' predictions.

The Transport and Communications Ministry late last year submitted SSA's communications satellite contract to the Attorney General's Department, stunning SSA which did not anticipate problems with its plan to launch Thaicom-3.

Ministry officials said some clauses in the 30-year concession are unclear. Mahidon Chantharangkun, permanent secretary of the ministry, was quoted as saying Thaicom-3's status needs to be clarified.

A group of lawyers at the department suggested SSA should pay more revenue to the ministry because the Thaicom-3 investment is not included in its contract and it might come under a public private investment regulation.

SSA executives said the legal hurdles were encouraged by some rivals having conflicting interests in the satellite business. They did not identify the rivals.

The department handed the interpretation to the ministry on March 27, a ministry source said. According to the source, clauses in the SSA contract appeared to conflict with one another. Item 44 says SSA must provide services to meet demand while Item 12 says SSA must have a back-up services for its satellite.

The final interpretation results in SSA being able to launch Thaicom-3, whose status is regarded the same as Thaicom-2. It has already launched Thaicom-2, which is considered to be a backup satellite for Thaicom-1.

This means SSA's Thaicom-4, which is still in the planning stage, is to be considered a back-up for Thaicom-3, said the source at the department.

The final interpretation was handled by the Attorney General Khanit Na Nakon. A Chinnawat subsidiary, Advanced Info Service Plc, twice survived legal interpretations which determined if its cellular contract could allow new competition.

Industry sources close to the issues confirmed Thaksin Chinnawat, head of Chinnawat group, has a "very close" relationship with the attorney general.

Thailand: Inflation Rises 7.3 Percent in Mar

*BK0204043196 Bangkok THE NATION in English
2 Apr 96 pp B1,B2*

[Unattributed report]

[FBIS Transcribed Text] Thailand's Consumer Price Index (CPI) for March increased 7.3 per cent year-on-year, the first decline after standing at 7.4 per cent for three consecutive months.

The March index rose 0.3 per cent over the previous month. The food sector, which accounts for nearly 40

per cent of the index, rose 0.6 per cent from February, while the non-food sector rose only 0.2 per cent from the previous month, according to the Commerce Ministry.

M.R. [Mom Ratchawong — royal title] Chatumongkhon Sonakun, secretary general for finance, said the item of most concern is the wholesale price index (WPI) and if this index rises quickly — which could adversely affect the CPI — tax measures will be implemented.

The WPI in January and February gave a mixed picture. On a year-on-year basis, the January WPI rose 10.4 per cent while in February it rose 5.9 per cent.

Asked if the March figures are still too high, M.R. Chatumongkhon Sonakun said they could not be measured because the main element is the food sector. He also denied any possibility of introducing monetary measures to curb inflation as only a half percentage point change could affect investment.

However, bankers commented that the 3-month figures indicate that interest rates could be lowered as the January CPI rose 0.7 per cent from December, the February figures 0.5 per cent from January, and the March figures 0.3 per cent from a month ago. Though the year-on-year figures are above 7 per cent, after May the food sector will decline to rise again in September. Bandit Nitthawon of the Bank of Thailand said the decline could drive down inflation in the second quarter.

The Stock Exchange of Thailand's turnover yesterday was only Bt3 billion. The index gained 3.90 points to close at 1,293.63 points.

The release had little impact on trading due to the marginal decline.

Thai Finance Minister: Inflation Being Brought Under Control

*BK0304062496 Bangkok BANGKOK POST
in English 3 Apr 96 p 30*

[Report by Wichit Sirithawiphon and Chatrudi Theppharat]

[FBIS Transcribed Text] The latest Commerce Ministry figures may appear high but Finance Minister Surakiat Sathianthai maintains that they show inflation is being brought under control.

Even though inflation during the first quarter typically rises as a result of increased consumer demand during the New Year and Chinese New Year holidays, this year's increase had slowed significantly, he said.

The Commerce Ministry announced on Monday that the March Consumer Price Index [CPI] had risen 7.3 percent on a year-on-year basis, and 0.3 percent from

the month before. For both January and February the year-on-year CPI was 7.4 percent.

Dr Surakiat said that both the Bank of Thailand and the Finance Ministry remained confident that inflation for the whole year would fall to their 4.9 percent target.

The Finance Ministry is reluctant to take any strict measures aimed at curbing inflation further, since investment could be affected adversely, he added.

Any hasty or overly restrictive measures could cause production costs for infrastructure projects to increase. An expanding economy would help with infrastructure construction and is important for the long-term outlook of the country, Dr Surakiat said.

One measure aimed at controlling inflation — reintroducing 10-baht banknotes — will take effect over the next six months. The Government is appealing to consumer psychology related to the greater "value" of bills over coins.

Dr Surakiat said it would take time before it could be concluded whether printing banknotes would have the desired effect of reducing inflation.

In any case, the action will be taken in conjunction with 10 previous Government measures aimed at restraining price increases, including controls on overseas spending, credit-card approvals and new car purchases.

One senior executive at Krung Thai Bank said it was unlikely that printing lower denomination banknotes would have any real effect on reducing inflation.

But the executive, who declined to be identified, acknowledged that the measure would help psychologically and could encourage retailers to temper price increases.

At yesterday's Cabinet, ministers also discussed whether the 5,000-baht spending limit on returning overseas travellers was too restrictive.

The Customs Department has said that it would start checking the luggage of returning travellers more stringently and taxing goods exceeding 5,000 baht. The regulation is aimed at reducing the country's current account deficit.

Government spokesman Somsak Pritsanananthakun said Prime Minister Banhan Sinlapa-acha remains deeply concerned about the size of the deficit and the rate of inflation.

At the meeting Mr Banhan also directed the Commerce Ministry to examine trends of price increases for various goods. There are signs that prices are being increased in five-baht steps rather than one- to four-baht steps

as before. This has resulted in less use of one-baht coins and changed consumer psychology, leading to Mr Banhan's original plan to reintroduce 10-baht notes.

Dr Surakiat attributed the rise in inflation mainly to food prices. The Finance Ministry is trying to determine which food products had unreasonable or abnormally high price increases, presumably as a prelude to enacting control measures.

One possible action might be a reexamination and modification of the import quota system for foodstuffs, if the present system is found inappropriate Dr Surakiat said.

Thailand: Proposed 1997 Budget Up 16 Percent

BK0304062296 Bangkok BUSINESS DAY in English
3 Apr 96 p 1

[Report by staff writer]

[FBIS Transcribed Text] The latest fiscal 1997 balanced budget proposal stipulates total spending of 979 billion baht, up 16.1 percent from the corresponding amount in the current fiscal year, the Budget Bureau announced yesterday.

As a percentage of the country's gross domestic product (GDP), the 1997 proposed budget stands at 18.5 percent, up 0.5 percent from this year's amount.

The Government's pledge to increase spending in the areas of human resources development in a manner consistent with the upcoming Eighth Economic and Social Development Plan is reflected to some degree in the proposed allocations of the 1997 budget.

Approximately 129.3 billion baht will go toward human resources development. Social development programs will receive funding in the amount of about 45.3 billion baht, while regional and local development projects will receive about 152.4 billion baht.

Spending on natural resources and the environment is proposed at approximately 23.7 billion baht.

An amount of about 27.6 billion baht is earmarked for the Bangkok Metropolitan Area.

In percentage terms, the Ministry of Science, Technology and Environment received the highest increase at 31.7 percent. Its share of the total budget remains small, however, amounting to only 1.4 percent.

Other ministries targeted to receive substantial budget increases are: Ministry of Transport and Communications (28.4 percent), Ministry of Public Health (26.4 percent), Ministry of Education (22.1 percent), Ministry of University Affairs (22 percent), Ministry of Defense (19.6 percent), Ministry of Industry (19.4 percent), Min-

istry of Interior (19.6 percent), Ministry of Labor and Social Services (19.1 percent) and Ministry of Agriculture and Cooperatives (16.2 percent)

Debt service for the proposed 1997 budget amounts to approximately 24.5 billion baht, a decrease of 9 billion baht from 1996. As a percentage of total expenditures, the debt service portion of the proposed budget is 2.5 percent compared to 4.0 percent in the current budget.

Vietnam

SRV: Do Muoi Addresses National Youth Congress in Hanoi

BK0304140796 Hanoi NHAN DAN in Vietnamese
24 Mar 96 p 1,4

[Speech delivered by General Secretary Do Muoi at National Congress for Outstanding Youth in Hanoi on 23 March]

[FBIS Translated Text] Dear Delegates and All Comrades: On behalf of the party Central Committee, I heartily welcome all delegates of the National Congress for Outstanding Youth. The conference is held on the 65th anniversary of the Ho Chi Minh Communist Youth Union (HCMCYU) and all delegates are representatives of outstanding youth in encouraging achievements in training, striving, and servicing from all working sessions, localities, and organizations. I believe that today's get-together will leave all you comrades and delegates with a good impression in your youth and life.

Under the building, training, and fostering by the party and beloved Uncle Ho and from the first eight communist youths, today, after 65 years of revolutionary fighting, the HCMCYU has become a strong and advanced organization with a high sense of revolutionary consciousness and unity in assembling Vietnamese youth under the party flag.

The HCMCYU's past history has been very glorious. Many generations of youth have demonstrated their total loyalty to the revolutionary ideals, patriotism, and love for the people. They have never balked at hardship and sacrifice. They have always led the way, exceedingly fulfilled all duties entrusted to them by the party and the fatherland, and recorded heroic achievements to decorate our 4,000-year history of national construction and protection.

Our party, people, and youth are very proud of the tradition of steadfastness and fighting for victory of the HCMCYU and the many generations of Vietnamese youth over the last 65 years. The present generation must continue and further develop this fine tradition.

Construction and protection of our socialist fatherland has experienced harsh difficulties and challenges, sometimes even grave danger, in recent years. However, our party and people have exhibited sound ability, tried to overcome difficulties, maintained political stability, successfully revamped all social domains, disengaged ourselves from encirclement and isolation, extricated our country from a socioeconomic crisis, and entered the new developing stage of national industrialization and modernization. The success of our renovation confirms our party's correct line and brilliant leadership on the foundation of national independence, socialism, and the creative application of Marxism-Leninism and Ho Chi Minh thought into our practical conditions.

Those achievements are due to the great sacrifice, endurance, and steadfastness of our people from all walks of life, including our youth who are led by the HCMCYU. With its various creative activities, the HCMCYU has manifested that it is the most advanced force of the youth. The launching, maintaining, and expanding of two public movements of "Opportunities for Youth" and "National Protection by the Young" have met the demands of renovation, heightened the HCMCYU's role in society, improved the HCMCYU's reputation in the young, and assembled and encouraged all youth to train, strive, and develop the spirit of voluntariness, exemplarity, and overcoming all difficulties and challenges to learn, work, and fulfill all entrusted duties with good results.

At this congress, I heartily welcome achievements recorded by outstanding youth groups and people, HCMCYU members, youth association members, and HCMCYU cadres.

Soon, our party will hold its eighth national party congress. The party congress will not only outline tasks, lines, policies, and measures to fulfill and overfulfill all targets of the Strategy for Socioeconomic Development until the Year 2000 to lead our country out of poverty and backwardness but also set forth directions, steps, and ways to accelerate national industrialization and modernization, quickly and firmly develop socioeconomy, and protect national sovereignty and security so that our country can become an industrial country and our people can enjoy a prosperous and happy life in the next few decades.

Therefore, the present young generation must shoulder the assaulting role in this glorious undertaking. They are the people who will enjoy the results of this achievement. The future of a nation belongs to the youth and it is decided by the youth. The party and people are placing their trust and expectation in them.

Your comrades and friends are representatives of outstanding youths. You are the people who receive and fulfill demands from our country, people, and party. You must be exemplary, active, and surging forward to attract more young people to carry out tasks outlined by the party congress.

In the past years, together with national development, the young generation has enjoyed better conditions in learning, training, recreation, and receiving health care. However, their political and ideological awareness; morality; lifestyle; learning to improve their cultural, scientific and technology, language, vocational knowledge; and even their physical training are still very far behind the demands of the new situation.

As a youth, especially as a HCMCYU member, you should have a great ideal, dream, and aspiration. Each one of you needs to build a practical program so that you can strive to fulfill your ideal, dream, and aspiration. Every youth needs to link his rights with obligations and attach his actions with those of the community. He must seek success in life for himself and help his friends and colleagues to succeed. He must place his own interests and progress in the cause of "prosperous population, powerful nation, and equitable and civilized society". He must strive to become a HCMCYU member and a party member, consolidate the HCMCYU organization, and set good examples for teenagers and children to follow.

Dear comrades and youth friends, the party, state, and people will try to improve the implementation of our beloved Uncle Ho's teachings that "fostering the succeeding revolutionary generation is a very important and necessary task". We will consider this a compass for strategic planning for Vietnamese people. The party also expects that you always remember and transform into concrete actions in all your working fields Uncle Ho's teachings as follows: "Whether the country of Vietnam can become beautiful or not and the Vietnamese people can reach the glorious forum to shoulder with other nations in the world or not will mostly depend on your learning".

I wish you comrades and friends good health, happiness, and progress.

SRV: Drug Control Delegation Holds Cooperation Talks in Laos

*BK0104151396 Hanoi VNA in English
1436 GMT 1 Apr 96*

[FBIS Transcribed Text] Hanoi VNA April 1 — Vietnam and Laos will cooperate to develop the economy in the northern border areas between the two countries in order to gradually eliminate the cultivation of poppy.

This was reached during a working visit to Laos from March 27-31 by a delegation of Vietnam's National Drug Control Programme led by Phan Thanh Xuan, deputy head of the Government Committee for Ethnic Minorities and Mountainous Areas and standing member of the programme's Executive Board.

The delegation held talks with Laos' Drug Control Committee on problems of mutual concern in drug control. The two sides agreed to submit a cooperation plan in drug control to their governments in preparations for the signing of an agreement in this field.

SRV: Nearly 2 Million Tonnes of Crude Oil Extracted

*BK0204155496 Hanoi VNA in English
1440 GMT 2 Apr 96*

[FBIS Transcribed Text] Hanoi VNA April 2nd — The Oil and Gas Corporation of Vietnam (Petrovietnam) exploited 1.999 million tonnes of crude from White Tiger, Dragon, and Big Bear oil fields in the first quarter of this year. The figure shows an increase of 6 percent over the plan. The corporation exported 1.8 million tonnes of crude. At the same time, it brought nearly 90 million cubic metres of associated gas ashore for power generators, or 10 percent over the same period last year.

SRV Minister-Director Interviewed on Administrative Reforms

*962E0029 Hanoi THOI BAO KINH TE VIET NAM
in Vietnamese 15-28 Feb 96 p 1*

[Interview with Le Xuan Trinh, director (of ministerial rank) of the Office of the Council of Ministers; interviewer name, place and date not given: "Administrative Reforms: Inertia and Breakthrough"]

[FBIS Translated Text] [Question] What are the significance and contents of the administrative reform program in regard to the country's economic development?

[Trinh] In the process of totally renovating the country and reforming the economy, the government has seen falling short on the part of the executive leadership and weakness of the administrative machinery. In addition, the administrative formalities that are cumbersome and cause inconveniences are also the reasons for restricting our development. For instance, although Vietnam's Law on Foreign Investment is evaluated by other countries as one of the open and attractive laws, the obstacles that are created by the administrative formalities has reduced its attractiveness.

As a result, in May 1994, the government issued Resolution 38/CP, which contains the initial measures of administrative reform in regard to resolving the work of

organizations and citizens, to improve efficiency in state management; this is considered a breakthrough in the administrative reforms. In 1995, the government revised the existing regulations and issued new ones on the formalities having to do with approving and allocating investment capital and on the timetable and formalities for approving domestic and foreign investment projects. At the same time, all ministries, provinces, and municipalities subordinate to the central government have reviewed and abolished a number of outdated documents or have revised their regulations in accordance with the spirit of renovation. Economic reforms, which are carried out one step ahead, are the prerequisite conditions for administrative reforms, but the latter have the effect of being the positive and strong force behind the economic reforms.

[Q] What actual work has the government been doing?

[Trinh] At the beginning of 1995, the government set forth an administrative reform program in the following fields:

- To reform the administrative system, actually to carry out reforms in legislative and regulations-establishing work— the government has issued new regulations in such fields as allocating investment capital and approving direct foreign investment; allocating land and issuing construction permits; export and import formalities; formalities for issuing exit and entry visas; and resolving citizens' complaints and legal action. The government is also urgently perfecting new regulations on formalities for establishing businesses and for business registration.
- To make initial adjustments regarding organization of the administrative machinery and to define its functions and responsibilities, and the relations within itself— At its year-end meeting, the National Assembly issued a resolution on making adjustments in the governmental machinery, merging eight ministries into three new ministries, namely, the Ministry of Industry, Ministry of Agriculture and Rural Development, and Ministry of Planning and Investment. At the same time, in the (last) year, the government has decided to establish a number of general departments and departments, and 16 strong general corporations.
- To build the civil servant body, primarily to retrain the existing civil servants— In the (last) year, the government has instructed the National Administrative Institute to organize a number of sessions to train principal specialists and guided government organs at all levels toward setting up pilot projects for selecting civil servants through exams.

[Q] After a year of implementing administrative reforms, what results have we obtained?

[Trinh] Since the administrative reforms have been widely carried out for only less than a year, it is rather early to talk about their results. But it is obvious that these reforms have been welcomed by public opinion, domestic and foreign. I can cite as example the field of direct foreign investment. In the past, prior to the reforms, for the examination of an investment project, five sets of file documents had to be prepared and the project had to go through five councils. The new regulations on examination of investment projects, which are contained in Decree 191/CP, have simplified the formalities and files, and now divide the investment projects into two groups, group A to be approved by the Prime Minister and group B by the Ministry of Planning and Investment. The separate councils in charge of their examination have been abolished and the work of these councils is now incorporated into the entire process of examining project files. Even in the case of group A projects (within the deciding powers of the Prime Minister), a council is needed only when the ministers concerned have different opinions. The Ministry of Labor, War Invalids and Social Welfare and the Ministry of Science, Technology and Environment no longer have to issue permits in connection with labor safety and environmental safety, respectively, and instead only need to make public the Vietnamese standards and to have control over the operational requirements. The Ministry of Construction only examines architectural plans and the legal-person capacity of planners. After a year of implementation, the regulations have been welcomed by foreign investors.

The restoration of state law and order is an important part of the administrative reforms. The government has ordered the restoration of law and order in regard to the ban on manufacturing and displaying fireworks, the management of dikes, and land communications safety.

We can say that the major initial results recently obtained from the administrative reforms have been the partial perfection of the administrative machinery, the drafting of public service standards applicable to the training of civil servants, and the reforming of a number of administrative formalities.

[Q] At its year-end meeting in 1995, the government reportedly reviewed the progress made in the development of administrative reforms and asked that all ministries and localities urgently carry out the programs that have been set forth for 1996. Is it true that the administrative reforms have not yet been carried out at the expected speed?

[Trinh] That's true. The government has done a lot of work in order to carry out the administrative reform program. The Prime Minister has actively worked with

cabinet members to issue a number of new regulations, which now replace those that had been issued in the past and have become no longer suitable. However, the drafting of positive instructions aimed at applying the new regulations to the daily life remains too slow and irregular. For this reason, the breakthrough that is the revision of administrative formalities has not yet had any real bearing on the people.

[Q] In the past, when we tried to reform the administrative machinery, we had often encountered inertia within the machinery itself. Has this situation repeated itself?

[Trinh] In the last 50 years, although the administrative machinery had fulfilled great and very important tasks, it has shown many weaknesses as we switched to the stage of renovation. One reality lies in the fact that the inertia encountered in the thinking of people has often been excessive, for people cannot easily accept a mode of thinking and working that is different from the present one. However, there is not enough basis to determine that there is inertia in the machinery. Therefore, the question is how to make everybody clearly see the rationality and necessity of the administrative reforms. Once they recognize the great benefits that the administrative reforms, being as significant as a revolution, bring to the country and the nation, cadres and party members will do their very best to carry them out. I strongly believe in that and also hope that the press will help to clarify the issues.

[Q] When you rearrange and reorganize the administrative machinery, in what direction do you go about streamlining the issues and simplifying the machinery?

[Trinh] The efforts to adjust the system of management issues in the machinery are related to renovation in the mechanism of managing and running the administration as a whole, as well as renovation in the mechanism of economic management. Having adopted the policy of separating the functions of administrative organs to actually manage and assume leadership over economic activities from their functions of managing the state, we are heading toward decreasing the number of organs in charge in the administrative machinery; and this means that the system of duties will also be narrowed. The question is how to streamline them so as not only to simplify the management relationships and formalities but also to enhance, rather than to reduce, the efficiency of management.

As for streamlining the machinery, this is a matter that the government has raised for many years. In order to streamline the machinery, i.e., to reduce the staff, there must be a standardized system of positions and occupations, with a clear and positive designation of the responsibilities and powers of various organizations

in the administrative machinery, including the actual legal responsibilities of both leaders and executioners (civil service and civil servants). As for this work, the government is urgently providing guidance for an early completion of the drafting of a regulation on civil servants and civil service statutes, which will be submitted to the Standing Committees of the National Assembly for promulgation.

[Q] As the administrative reforms are carried out, how do you divide up the responsibilities between the central and local levels? Are the responsibilities of the various levels of local administration underlined?

[Trinh] In administrative management, centralization and decentralization of powers depend on each type of work. Therefore, for some type of work, the central government holds the centralized powers; on the other hand, some work must be partially assigned to localities. But it is necessary to clearly point out what work is to be done by the central administration more rationally and efficiently, and what work can be carried out by the local administration with better results. For instance, to invest in upgrading the national communications network and that of large cities, to build the infrastructure for industrial centers, and to resolve social problems will fall more to the responsibilities of the central administration in the coming years. The issues having to do with social order, general education, basic-level public health, and so on will be mainly within the responsibilities of the local administration, with the role of the central authorities, being, to provide direction and financial support.

On the other hand, we need the reforms in order to correctly establish the relationships between the central and local levels in the administrative system, for the purpose of clearly pointing out the role, functions, responsibilities, and organization of administrations at all levels, particularly the administrations of municipalities, and making them suitable for the new situation and management mechanism.

[Q] The government has established a number of large general corporations. What is the significance of this action as it is seen from the angle of administrative reforms?

[Trinh] The establishment of a number of large general corporations is aimed at concentrating state capital in order to speed up the process of changing the structure of the national economy, to achieve industrialization and modernization, and to make the state economic sector really play the leadership role in the market mechanism. From the administrative standpoint, this action is aimed both at relieving the administrative organs from actually running the economic activities

of businesses and putting them in a better position to concentrate their efforts on the state-management task, and at providing business managers with an opportunity to act on their own initiative. This is also an important prerequisite condition for rationalizing the machinery, improving the quality of service provided by civil servants, and conforming to the new economic management mechanism.

[Q] We can say that the government's task in the administrative reforms remains a rather heavy one. In 1996, what is its program of action?

[Trinh] As the government has set the scope and objectives of the administrative reforms, they are aimed at revising the administrative system, making the initial adjustments for the machinery, training civil servants, and gradually modernizing government offices. However, as we have learned from the experience in developing administrative reforms in the past, we will focus the administrative reforms in the time to come on considering the drafting of legal texts (including law- and lower law-level documents) the most important and permanent task — this is actually the foundation of our administrative activities. To draft documents having good quality we need to strengthen the close coordination of work with the organs of the National Assembly and the Fatherland Front, the scientific organs, and all organizations that are to implement them, right from the beginning of the drafting process. We must reorganize the drafting and promulgation of documents in order to ensure their correct authority, timeliness, right form, and good contents. To review and revise the currently in force documents is also an urgent need aimed at eliminating the duplication and nullification of one another, which greatly hampers management and implementation. The matters having to do with foreign investment and with encouraging domestic investment will also be studied and corrected so as to make investment more attractive.

The administrative formalities in the fields of finance, banking, municipal housing and land, law-related administration, establishment and registration of businesses, and dealing with citizens' complaints will continue to be reformed along with the continued abolition of unreasonable fees.

The organization of the machineries of a number of ministries will continue to be adjusted, and this includes changing the names of a number of ministries and general departments. We need to clarify the organizational model of ministries and general departments in order to avoid duplication of such models and the existence of unclear relationships with lower-level organizations. The central and local administrative relationships will also be a focal point to be clarified. The government is urgently providing guidance for completing the drafting of a regulation on civil servants and civil service

statutes to be submitted to the Standing Committees of the National Assembly for early promulgation in the first quarter.

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963E0010A Hanoi TAP CHI CONG SAN No. 15
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Australia

Australia: Minister To Raise Export Subsidy Issue With Kantor

BK0304130796 Melbourne Radio Australia
in English 0630 GMT 3 Apr 96

[From the "International report" program]

[FBIS Transcribed Text] Australian Trade Minister Tim Fischer has renewed Australia's criticism of American export subsidies. Mr. Fischer says he will be taking up Australia's cause when he holds his first meeting with his U.S. counterpart, Mickey Kantor, and says he will also be taking issue with the export subsidies. Mr. Fischer told Michael Roland that the report, despite being routine, is cause for concern.

[Begin recording] [Fischer] It is part of a regular review. This is an annual report released under legislative requirements of the U.S. Congress and it's the eleventh such report that also mentions some 42 other nations. So, I think it is wrong to say that we were singled out. We got a mention in dispatches and I can say here now that from time to time the United States will get a mention in dispatches with regard to areas of concern Australia legitimately has with the trade and trading circumstance of the US survey.

[Roland] Were you surprised then that Australia even got a new mention, given how much Australia has suffered as a result of various U.S. export subsidies over recent years?

[Fischer] I must say that for how our picture should be taken into account in reviewing the situation because concurrent with this we now have another announcement of 4,000 tons subsidized sale of U.S. milk powder into Asian markets under their DEIP [Dairy Export Incentive Program] scheme. And as I mentioned a week ago with (John Anderson), there were some good steps in the right direction under the U.S. Farm Bill but DEIP and EEP [Export Enhancement Program] [words indistinct] stayed in place and so it is. The U.S.A. is now pushing some of their subsidized milk products, skimmed milk powder into Asia in a way which will ultimately be a lose-lose situation because of its impact on the price for them, for us. It will drive the price down. So, I must say Australia has a number of ongoing concerns which I will be formally making representations about in a very active way with U.S. Trade Representative Mr. Mickey Kantor.

[Roland] How badly will this latest move on the U.S. export dairy front harm Australia's dairy export trade?

[Fischer] It is a regrettable step because it really is not even in their own interest, let alone its impact on Australia. It will have an impact when Australian

skimmed milk powder returns into Asia and [words indistinct] the concern over the meeting with (Ted Rawley) and the Australian Dairy Industry Council just as soon as possible on these matters because we are not going to be solid on these matters. So, the United States might make mention of Australia from time to time and with their annual reporting mechanism we too are going to be mentioning the United States and the action they've taken under DEIP and EEP from time to time.

[Roland] Well, does that and the release of this report today mean that you will be pursuing your representations with various trade authorities more vigorously and possibly more aggressively.

[Fischer] It does point to that and I must say in fairness, a communication has been received initiated by U.S. Trade Representative Mickey Kantor extending congratulations and offering dialogue. I am now accepting that by one method or another and taking up the invitation given what has arisen during this particular Easter week. [end recording]

Australian Minister Launches Study of China/Japan Relations

LD0304121096 Melbourne Radio Australia
in English 0800 GMT 3 Apr 96

[FBIS Transcribed Text] Australia's foreign minister, Alexander Downer, today launched a government study of China/Japan relations, saying the economies of the two Asian giants may become hitched together. Mr. Downer said the China/Japan relationship is the largest and most important in East Asia and could have dramatic benefits for the global economy. The Australian study says that by the year 2015 trade between China and Japan could account for up to 8 percent of the total global trade. Mr. Downer said that at present China/Japan trade is less than 2 percent of world trade. He said Japanese capital and technology could be integrated with China's low-cost labor and burgeoning consumer market. But the foreign minister said the study by his department's East Asia analytical unit showed considerable uncertainty about the future of the China/Japan relationship.

Australia: Failures in Asia Pose Challenge for Howard Government

BK0204160596 Sydney THE AUSTRALIAN
FINANCIAL REVIEW in English 13 Mar 96 p 16

[Report by Martin Riordan]

[FBIS Transcribed Text] Asia focus for Paul Keating and Labor was a vision unfulfilled. Good signals mixed

with rhetoric could not disguise the huge gap between Australia and Asia.

For John Howard and his new government the gap to be filled requires fundamental review. The results for the new government of any such review will almost certainly be a shock.

To start with, the exclusion of Australia at the recent historic Asia-Europe meeting (ASEM) in Bangkok was no accident. Official attempts to "blame" the exclusion on Malaysian Prime Minister Dr Mahathir Mohamed ignored that even since England began its march towards the European Union and a common market two decades ago, Australia never really began to build cultural and economic ties with its own region.

The talk of "blame" on Malaysia was taken as typical of Australian heavy-handed policy and a reminder of racial "white-Australian" attitudes of the past. The past discussion about Asia and migration by John Howard has been buried at home, but memories linger in Asia. Luckily, John Howard's pro-business stance should satisfy Asian suspicions and open the door to a review with these tiger economies.

The Bangkok ASEM summit was historic. It was the first time since the end of colonialism that Europe met Asia on equal terms. To the dismay of Australians in business in the region, it was not Australia but countries within Indo-China which were joining European and Asian leaders at the ASEM meeting. Vietnam is now within the ASEAN group, while countries like Cambodia have achieved observer status.

The Howard government urgently needs to reassess the reasons why Australia rarely rates in Asia news. It needs to assess why Australian trade to the region is mainly big business, leaving medium and small business trailing Europe, Japan, Singapore, Taiwan and the U.S. to establish themselves with overseas plants and offices.

Indo-China's economic expansion has been good for Australia, but examples of Australian firms enjoying their fair share of regional joint ventures have not met the mark. Examples like European and Asian brewery joint ventures, along with leading European garment operators and Asian manufacturing investments have shown how Australian regional diplomacy has been bigger than our trade success.

In Phnom Penh, home of Australia's recent diplomatic success, the scene is similar. Look at the hotel and hospitality investments, which remain mainly Asian or French led. It is nice to see BHP and Telstra signs on former French-colonial Norodom Boulevard facades, but the evidence of widespread follow-up Australian

participation in wealth and job-creation schemes has been weak.

Australia has been overshadowed alarmingly when it stood to take economic advantage of its diplomatic and humanitarian coups.

What is clear is that the attitudes of Australians about Asia remain distant, poorly focused and probably still racially strained.

Internally, Mabo was a culture shock for so many white Australians. A bigger shock awaits — it is accepting that there may be deeper reasons for Australia being rejected or ignored within Asia.

Australia and a Howard government should accept that the combination of decades of "white Australia" and neglect about Asia are our biggest legacies.

Despite this, Asians like Australians. So much, that Asian investors have become the dominant force in property and fixed-income investment over recent years. Stable government, the beautiful environment and open spaces are increasingly the major issues for Asian investors of all sizes.

Two-thirds of the world's population is in Asia. For consumer products such as cars and personal computers, demand growth in 1995 outstripped leading markets like the United States by more than double. In Singapore in 1995, early reports indicate Mercedes outsold Toyota for sedans.

The U.S.-based IDC Asia/Pacific group last week announced PC sales in Asia growing 43 percent in 1995 compared with 21 percent for the U.S.

Computer and white goods growth in markets like Thailand has remained frantic for U.S. firms. Of course the Reagan/Bush trade sanctions against Thailand in 1991 were followed with a special status provided for the U.S. in that Asian tiger market, allowing easy access to American firms for trade. Australia has not gained anywhere near such preference for its firms trading in Indo-China.

Talk by Paul Keating in January of a new and special relationship with Asia remains pulp fiction. Australia's Asia focus is a blur over Bondi. There have been too many distractions, complicated regulations and taxes for Australia to pretend to compete.

New Zealand's labour deregulation, axing of red tape and lower personal taxation commitments for coming years contrasts with Australia's serious policy neglect and so failure to develop the sort of business environment which is conducive to translating talk about a new Asian relationship into an economic reality.

For the Howard government, there is no time like the next three years to show leadership and correct our past. We need to be a true partner with Asia.

Australia: Downer To Visit Indonesia, Singapore, Thailand

*BK0304073596 Melbourne Radio Australia
in English 0500 GMT 3 Apr 96*

[FBIS Transcribed Text] Australia's foreign minister, Alexander Downer, has announced details of his first international trip as minister to Indonesia, Singapore, and Thailand. Mr. Downer said the regional destinations reflected the government's highest foreign policy priority — closer engagement with Asia.

The foreign minister will start his tour in Indonesia on 15 April. He said Indonesia was a natural first overseas destination and reflected the priority the government gives to the relationship with Indonesia. Mr. Downer said he plans to visit New Zealand and Papua New Guinea shortly after he returns from Southeast Asia.

Australia: Uranium Export Policy Remains 'Controversial'

*BK0204163496 Sydney THE AUSTRALIAN
FINANCIAL REVIEW in English 18 Mar 96 p 4*

[Report by David Shires]

[FBIS Transcribed Text] Although the controversial three mines policy for uranium is effectively dead it will not mean open slather in a race to produce yellowcake for global markets says the Minister for Primary Industries and Energy, Mr John Anderson.

"There's still due process," Mr Anderson told the Nine Network's Sunday program yesterday.

According to the Minerals Council of Australia, that would include facing the gamut of Federal, State and Territory native title legislation and environmental impact statements as well as the uranium export controls exercised by Mr Anderson's predecessors in his portfolio.

"It's a great start, but people won't be digging holes in the ground straight away," a spokesman for the Council said yesterday.

Prominent environmental groups have lost no time letting the government know that they expected those regulations to be rigorously enforced, sending an open letter to ministers last week reiterating their opposition to expanded operations.

The Australian Democrats have also made it known that they oppose expanded operations, and adding Indonesia to Australia's list of uranium customers.

"Every country, including Australia, has a responsibility to world peace and protection of the environment," the Democrats environment spokeswoman, Senator Meg Lees, said on Friday.

"There is no absolute guarantee that Australian uranium won't be enriched and used in the nuclear weapon cycle."

Nevertheless, there would be strong interest from the mining sector, as Mr Anderson acknowledged yesterday.

"It will be interesting to see who will roll out first with the proposals," he said. "But in essence we are acknowledging that, yes, the three mine absurdity — which so many people in the Labor Party acknowledged for so long was an absurdity — is now over."

It is understood that there is no legislation or regulation to be repealed in order to implement the new policy, which had been policed simply through the minister's exercise of uranium export licences.

Nor was Mr Anderson about to dictate which customers should or should not receive Australian uranium, pointing out that Indonesia, for instance, would source uranium from elsewhere if it could not buy from Australia.

"We seem to be in the business or have been in the business in recent years — of encouraging the Canadians to open up more and more mines and to benefit at our expense in financial terms, in trading terms," he said.

Absence from the market did mean that Canadian companies had a grip on lucrative supply contracts in the medium term, the Minerals Council said yesterday.

But high-quality product and ease of extraction should ensure a place for Australian miners, a spokesman said, if the environment movement did not get its way.

That seems unlikely if comments by Resources Minister Senator Warwick Parer on ABC Radio last week are any guide.

"One wonders sometimes about the antagonism in Australia by some extreme groups whether they are not funded by our competitors," he said.

While the three mines policy would go, Australia itself was not about to turn to nuclear energy for its own needs, Mr Anderson said yesterday.

"It is not policy. It is not likely to become policy. I can't foresee a circumstance at this stage where it would become policy," he said.

Australia: Editorial Views Trade Protectionism

BK0204160896 Sydney THE AUSTRALIAN
FINANCIAL REVIEW in English 15 Mar 96 p 26

[Editorial: "Beware of Protection by Stealth"]

[FBIS Transcribed Text] What starts out as a virtuous idea can often end up generating a less-than-inspiring outcome. There can be many reasons for this but one of the more common is the way the original idea is quickly captured by vested interests and promoted for purposes quite at odds with those which provided its initial impetus. This is precisely what could end up happening with the attempt to use trade agreements to further the cause of minimum labour standards and environmental protection.

As reported by Michael Dwyer in THE AUSTRALIAN FINANCIAL REVIEW today, the most recent manifestation of this push is the effort, especially by the European Union, to use the inaugural ministerial meeting of the World Trade Organisation, due to be held in Singapore at the end of the year, as a forum to promote the use of trade agreements to protect both the environment and social standards including labour standards.

This comes in the wake of a string of other campaigns to encourage the use of trade sanctions to attack extreme examples of exploitation of workers, such as the gross abuse of child labour in countries like Pakistan, and to promote higher environmental standards in areas of the world which are undergoing rapid economic growth.

One of the more tangible results of this push was the decision at the conclusion of the Uruguay Round of the GATT to include environmental protection as an important issue to be considered by the WTO. Another was the environmental agreement which accompanied the North American Free Trade Agreement signed in 1993.

While it is possible to question the wisdom of using trade agreements to promote non-trade issues, such as labour conditions and the environment, there is no doubting that many of the people who have been advocating such action are motivated by the best possible intentions. They are rightly concerned about the extensive environmental damage being caused by rapid growth in many of the newly industrialising countries and equally, and just as rightly, concerned about the exploitation of child labour.

Yet alongside such people there are those whose only real interest in such issues is the way they can be used to achieve quite another goal — the erection, now that formal trade barriers have been significantly reduced of more surreptitious, but just as effective informal barriers.

Just as complex product specifications and quality control requirements have often been used in the past mainly as a way of protecting local producers from imports, so elaborate environmental codes and rules governing labour conditions are already being used for precisely the same end.

This tendency should be strenuously resisted. If the environment and labour conditions are as important as their advocates maintain, the appropriate response is not to use trade agreements as an enforcement mechanism but rather to provide direct financial compensation to those countries which, unlike most of the West, haven't already built up their economies on the back of exploiting both the environment and their unskilled workforce.

If Australia, for example, wants to encourage a Third World country to retain its forests — something we certainly didn't do during our two centuries of economic development — it should be prepared to contribute financially towards compensating it for the resultant economic loss.

Of course, once the issue is put in these terms the enthusiasm for protecting the environment and combating labour exploitation may become somewhat less intense. After all, it is never easy to put your money where your mouth is.

It would, however, be a proper test of just how serious the industrialised West really is about protecting the environment and helping Third World workers. It would certainly be preferable to giving into pressure to adopt trading rules which are ostensibly aimed at promoting the environment and minimum labour standards but which, instead, have much more to do with producing protection by stealth.

Australia: Jindalee Radar System Delayed for 3 Years

BK0304044296 Melbourne Radio Australia
in English 0100 GMT 3 Apr 96

[FBIS Transcribed Text] The operation of the Australian Defense Forces' Jindalee over-the-horizon radar system will be delayed for at least three years. The \$1.3 billion [Australian dollars] system is to be located at Longreach in Queensland's central west and also in Western Australia and South Australia.

The radar system will monitor an area of 20 million square kilometers of ocean and air to the north of Australia by reflecting high frequency radar waves. But an Army spokesman, Brigadier Adrian (D'Arjay), says the project has computer software problems and is now

not expected to be commissioned before the year 2000 — three years later than planned.

[Begin (D'Arjay) recording] But we should not be surprised about that. We are out — in terms of technology here — we are on a leading edge. No one else in the world has got as far as we have with over-the-horizon radar. [end recording]

Fiji

Fiji: Participation in UN Peacekeeping Missions Delayed

*BK0104071596 Melbourne Radio Australia
in English 0500 GMT 1 Apr 96*

[FBIS Transcribed Text] Fiji says it will delay any future participation in United Nations peacekeeping missions. Police Commissioner Mr. (Kias Sabua) says a contingent of 50 police officers that left last week for Bosnia will be the last for at least a year. The police commissioner says it is a temporary measure due to a shortage of manpower and the lack of finance. He says it is expensive to prepare a peacekeeping mission and equip them. Mr. (Sabua) says the message has been conveyed to the United Nations.

New Zealand

New Zealand: Health Advisers View Threat of Mad Cow Disease

*BK3103135996 Christchurch THE PRESS in English
29 Mar 96*

[Report by Greg Jackson — received via Internet]

[FBIS Transcribed Text] Mad cow disease may be within New Zealand's borders, say Government health advisers who believe cattle are clear of risk, but some people are not.

The chairman of the Government-appointed panel of experts, Professor David Skegg, said in Wellington yesterday that New Zealand cattle were free of bovine spongiform encephalopathy, or BSE, so New Zealand beef products could be consumed safely.

"Nevertheless, there are no grounds for smugness or complacency in this country," he said.

New Zealand had imported a wide variety of bovine-derived products from Britain, and many thousands of New Zealanders had lived in or visited Britain or other infected countries during the past 15 years. "It is hoped that any risks will be extremely small, but definite statements are not possible at this time."

Professor Skegg said that evidence from Britain of new forms of Creutzfeldt-Jakob disease [CJD] in humans had

linked the new CJD to exposure to cattle infected with mad cow disease.

Professor Skegg is professor of preventive and social medicine at the University of Otago and a former chairman of the Public Health Commission.

The new CJD variant is thought to have killed at least 10 Britons under 42.

"The panel considers that these findings, if confirmed, have profound significance for agricultural practice and public health in all countries, including New Zealand," Professor Skegg said.

The chairman of Federated Farmers' meat and wool section, Bill Garland, said last night that New Zealand's dairy industry faced a temporary "crisis of consumer confidence".

"There is no way we have got mad cow here among our cattle. We have always been very tight on the protocols for genetic material," he said.

The warning was that some people could have eaten infected beef products from other countries.

Commenting on anecdotal reports that New Zealand consumers were spurning beef, he said that any development such as the mad-cow scare knocked consumer confidence. "We have got a consumer confidence crisis here that will eventually settle down."

He believed the Government had taken a responsible stance on the mad-cow scare and hoped that the policy would stay "ultra-cautious".

Professor Skegg said the New Zealand Government deserved to be congratulated on its rapid response to the new information.

The new panel would act as a clearing-house for information from the many scientists who had an interest in the matter.

No-one in New Zealand could claim to be an authority on the problem and it was essential to draw on all scientific resources to assess the new information that was appearing daily, he said.

The six-man panel has been appointed by Cabinet to provide advice to the Government on all scientific issues concerning spongiform encephalopathies and their control in New Zealand.

The panel will not develop Government policy, but will advise the ministries of Agriculture and Health. This structure is similar to the British model, whose advisory committee is made up of non-Government scientists.

New Zealand Meat Producers' Board communications manager John Owen said that none of the board's executive had yet seen the statement from Professor Skegg so were unable to comment on the report.

The Australian-based European Union Ambassador, Aneurin Hughes, who is visiting New Zealand, said that as the implications of the recent discoveries sank in,

Britain might have to consider a complete restocking of up to 4 million diseased animals.

Mad cow fallout might turn out to be a huge economic problem affecting 350,000 Britons in the beef industry and producing losses of over \$1b [1 billion New Zealand dollars].